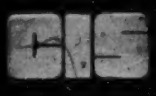
NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.



Congressional Information Service, Inc.
Washington, D.C.

Calendar No. 315

100TH CONGRESS } SENATE { REPORT
1st Session } { 100–160

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL, 1988

SEPTEMBER 17, 1987.—Ordered to be printed

Mr. DECONCINI, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 2907]

The Committee on Appropriations, to which was referred the bill (H.R. 2907) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies for the fiscal year ending September 30, 1988, and for other purposes, reports to the Senate with various amendments, and presents herewith information relative to the changes recommended.

Amount of bill as passed by House	[1] $15,350,018,000
Amount of decrease by Senate	−282,768,000
Amount of bill as reported to the Senate	[1] 15,067,250,000
Amount of estimate	14,616,851,000
The bill as reported to the Senate:	
Above the appropriations provided in 1987	+1,017,300,200
Over the estimates for 1988	+450,399,000
Below the House bill	−282,768,000

[1] Includes $11,000,000 provided in Public Law 100-71.

S183-5

CONTENTS

	Page
General statement and summary of bill	3
Title I—Treasury Department	9
Title II—Postal Service	67
Title III—Executive Office of the President	71
Title IV—Independent Agencies:	
Administrative Conference of the United States	84
Advisory Commission on Intergovernmental Relations	85
Advisory Committee on Federal Pay	86
Committee for Purchase From the Blind and Other Severely Handicapped	86
Federal Election Commission	88
General Services Administration	88
Office of Personnel Management	125
Merit Systems Protection Board:	
Salaries and expenses	129
Office of Special Counsel	130
Federal Labor Relations Authority	131
U.S. Tax Court	133
Title V—General provisions, this act	136
Title VI—General provisions, departments, agencies, and corporations	141
Tables	161

General Statement and Summary of the Bill

The accompanying bill contains recommendations for new budget (obligational) authority for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain independent agencies for the fiscal year ending September 30, 1988.

The Committee considered budget estimates for fiscal year 1988 in the aggregate amount of $14,616,851,000. Compared to that amount the accompanying bill recommends new budget authority totaling $15,067,250,000, which is $450,399,000 more than the amount requested by the administration and $282,768,000 below the House-passed bill.

The aggregate amount of budget authority shown above includes $11,000,000 in reappropriations resulting from Public Law 100–71, the Supplemental Appropriations Act of 1987.

The Committee recommendations are also $312,750,000 below the section 302(b) allocation for budget authority for the Treasury, Postal Service, and General Government Appropriation bill and approximately $5,791,000 below the 302(b) allocation for outlays for the bill.

Reprogramming Requirements

The Committee directs that approval of the House and Senate Committees on Appropriations shall be required for any reprogramming request from an agency, department, or office, when the amount involved is in excess of $500,000, or 10 percent, whichever is greater, in any object class, budget activity, program line item, or program activity. The Committee also requires reprogramming approval by the Committees on Appropriations of the House and Senate if it is clear that such a reprogramming would result in a major change contrary to the program or item presented to and approved by the Committee or the Congress, or if the cumulative effect of past reprogramming actions added to the new action under consideration would exceed the reprogramming dollar threshold established by the Committee in this report.

The Committee notes that the conditions outlined in this report apply only to funds included in appropriations accounts and the Federal Buildings Fund. It excludes revolving funds since revolving fund programs are generally based on demands from external sources and changes to them do not represent a conscious, discretionary change in programs, projects, or activities. However, the Committee does expect the U.S. Customs Service to report reprogramming actions within the Customs user fee accounts to the Committee on Appropriations of the House and Senate in accordance with the restrictions and guidelines outlined in this report.

The Committee expects the justifications for proposed reprogramming actions to be clear and as strongly documented as original agency budget requests. Furthermore, except in extraordinary circumstances, reprogramming proposals will not be approved by the Committee with less than 45 days left in the fiscal year, nor will they be approved if they propose actions that would effectively reverse previous congressional directives.

AGENCY AGREEMENTS REGARDING USE OF APPROPRIATED FUNDS

The Committee has included language in the bill that would limit the ability of the agencies, departments, and offices covered by this bill to transfer appropriated funds for use by another agency, department, office, board, or commission, in the Federal Government.

Although the Committee acknowledges that the Economy Act and other statutes allow agencies to enter into reimbursement arrangements with other Federal agencies to take advantage of certain efficiencies, the Committe also notes that memoranda of understanding between Government agencies have the potential for circumventing or changing the initial purpose for which those funds were appropriated by Congress to the donor agency. A recent General Accounting Office study of one such transfer between the Customs Service and the Coast Guard revealed among other things that thousands of transfers occur every year between Federal agencies with virtually no congressional review or scrutiny. Many transfers from one agency to another are done to take advantage of a particular skill or opportunity that the receiving agency can provide to the agency transferring the funds. However, with little if any review of these transactions by the Committees on Appropriations of the House and Senate, these interagency agreements could result in a specific congressional directive, program, project, or activity being compromised or eliminated altogether.

Therefore, the Committee directs that any proposed interagency agreement involving of $500,000 or more between any agency, department, or office covered by this bill, to any other Federal agency be reported to the House and Senate Committees on Appropriations, and that any proposed transfer of $1,000,000 or more must be approved in advance by the House and Senate Committees on Appropriations. The Committee also directs the agencies, departments, and offices covered by this bill not propose any transfer of funds to another Federal agency that would have the effect of changing the original purpose or intent of any congressional directive specifically mandated by law, or directive contained in an accompanying Committee report.

TRANSFER OF FUNDS BETWEEN APPROPRIATION ACCOUNTS

The administration has requested limited authority for the Secretary of the Treasury and the Administrator of General Services to transfer funds between appropriation accounts of the Department of the Treasury and General Services Administration, respectively. For the Secretary of the Treasury, a 5-percent transfer authority is being requested, while

the Administrator of GSA is requesting authority to transfer up to 3 percent between appropriation accounts for mandatory requirements.

The Committee recommends that the Secretary of the Treasury be granted authority to transfer up to 3 percent between appropriations accounts. The Committee has also recommended that the Administrator of General Services be allowed to transfer up to 3 percent between appropriation accounts during fiscal year 1988. These transfers will be requested only in emergency situations when the need for such transfer is unforeseen and absolutely critical to the mission supported by the affected appropriation account, and only after prior approval has been received the express approval of both the House and Senate Committees on Appropriations.

The Committee is concerned that in the past even such limited transfer authority has been overutilized and often used by the agencies for reorganizations that have major policy implications. Such transfers are interpreted by the Committee as circumventing the appropriations process and will not be tolerated. Nevertheless, the Committee acknowledges that circumstances do arise during the course of a year whereby a shift of small amounts of money from one account to another at Treasury and GSA could make a significant impact on the agency's ability to address unforeseen contingencies. Therefore, the Committee has granted limited transfer authority for fiscal year 1988 as outlined above.

DEFINITION OF PROGRAM, PROJECT, AND ACTIVITY AS PROVIDED FOR BY PUBLIC LAW 99-177

During fiscal year 1988, for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), the following information provides the definition of the term "program, project, and activity" for departments and agencies under the jurisdiction of the Treasury, Postal Service, and General Government Subcommittee. The term "program, project, and activity" shall include the most specific level of budget items identified as a dollar amount in the Treasury, Postal Service, and General Government Appropriations Act, 1988 (H.R. 2907), the House and Senate committee reports (H. Rept. 100-211 and this Senate report), and the conference report and accompanying joint explanatory statement of the managers of the committee of conference. (Under the above definition, the Federal Buildings Fund, the Bureau of Engraving and Printing Fund, and other intragovernmental funds are exempt under section 255(g)(1) of Public Law 99-177).

In implementing a Presidential Order, departments and agencies shall apply the percentage reduction required for fiscal year 1988 pursuant to the provisions of Public Law 99-177 to each budget item that is listed under said accounts in the budget justifications submitted to the House and Senate Committees on Appropriations as modified by subsequent appropriation acts (including joint resolutions providing continuing appropriations), and accompanying House and Senate Committee reports, conference reports, or joint explanatory statements of the committee of conference.

TOTAL FUNDING FOR TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT PROGRAMS

In addition to the new obligational authority recommended in the accompanying bill, additional significant sums are made available each year for the Treasury Department, the Office of Personnel Management, and other independent agencies under permanent indefinite authority which do not require consideration by the Congress during the annual appropriations process. The sum total of permanent new budget authority requested for these Federal funds and trust funds is $269,986,077,000 in fiscal year 1988, an increase of $11,689,589,000 over current year levels.

The principal items in these categories include: payment of interest on the public debt which alone is anticipated to reach $198,399,300,000 in fiscal year 1988; interest on Internal Revenue Service refunds of income tax payments, $1,621,000,000; payment of claims, judgments, and relief acts, $339,020,000; Internal Revenue collections for Puerto Rico, $205,000,000; refunding Internal Revenue collections and interest, $1,621,000,000; payments in connection with the Civil Service Retirement and Disability Fund, $56,757,261,000; and Federal Retirement Thrift Investment Board, Thrift Savings Fund, $3,662,704,000.

The Committee also establishes limitations on the use of certain funds within the agencies covered by this act.

In addition to the agencies whose funds are derived from direct appropriations, there are other agencies that operate under authorities which exempt them from congressional review, in whole or in part, during the annual appropriations process or, as a matter of fact, from any other regular oversight by the Congress. For example, the U.S. Postal Service, under the Postal Reorganization Act, is authorized to use all of its income from postage and services for its own purposes and to request an appropriation from the Congress for certain subsidies. Therefore, only the amount of the subsidy requirement is regularly reviewed by the Congress. In the Treasury Department, the Office of the Comptroller of the Currency, whose income is derived principally from assessments paid by national banks, is exempt from congressional review, because such assessments are not construed under law to be Government funds.

TRAVEL SAVINGS

The Committee notes that the conference agreement on the fiscal year 1988 budget resolution assumes $697,000,000 in reductions in Federal civilian travel across the spectrum of Federal agencies. The initial Senate-passed budget resolution assumed a 13-percent reduction in non-DOD travel and in nonpermanent change of station travel in fiscal year 1988. The final conference agreement on the budget resolution assumes a 23-percent cut in travel. The President's budget request for fiscal year 1988 makes no such assumptions.

Therefore, the Committee, in reducing appropriations for many of the agencies covered by this bill, below the amounts recommended by

the President, recommends that these agencies absorb a substantial amount of these proposed reductions in travel and transportation of persons and things. In fact, the Committee expects every agency covered by this bill to attempt to meet the 23-percent reduction in travel mandated by the final conference agreement on the fiscal year 1988 congressional budget resolution. At a time when it is vital to maintain staffing levels or enhance those staffing levels in revenue-raising agencies such as the U.S. Customs Service, the Bureau of Alcohol, Tobacco and Firearms, and the Internal Revenue Service, the Committee believes that this reduction in travel can and should be absorbed by the agencies covered by this bill to offset, in part, additional funding requirements provided in the bill for critical staffing, equipment, and facilities needs.

The Committee acknowledges that reductions of this nature and magnitude do not affect all agencies in the same manner and that some agencies have missions that are more travel intensive than others. For example, the Internal Revenue Service must travel if it is to carry out its investigations, examinations, and collection of taxes, while travel for the U.S. Mint may be a less critical element of its ongoing activities and missions. Nevertheless, the Committee recommends that each and every agency make every effort to adhere to the reductions in travel mandated by the Committee, while at the same time, keep the Committee apprised of specific, documented program difficulties that may arise during the course of the fiscal year as a result of these travel cuts. The Committee will give consideration to selective reprogramming requests after careful consideration of well-documented, program-specific appeals for partial relief from the travel reductions recommended by the Committee.

Among other things, the Committee recommends that all agencies covered by this bill take necessary measures to eliminate all first-class travel unless specifically warranted on an emergency basis after approval directly from the head of the agency or department. The Committee believes that, in these times of great fiscal restraint, first-class travel should not be used except in absolute emergency situations.

The Committee also directs all agencies covered by this bill to crack down on any abuses of travel by its employees, such as the use of "frequent flyer" air traveler benefits for personal use rather than to offset the cost of future Government travel by his or her agency.

Finally, the Committee directs all agencies covered by this bill to drastically reduce the cost of operating and maintaining its motor vehicle fleets through the use of the private sector and other options assumed in subtitle C of title XV of the Omnibus Reconciliation Act of 1985 (Public Law 99–272).

AGENCY ADHERENCE TO ESTIMATES CONTAINED IN BUDGET JUSTIFICATIONS

The Committee believes that the agency budget justifications presented each year outlining the assumptions contained in the President's annual budget should accurately reflect the proposed allocation of resources and activities within the agency budget plan for the coming fis-

cal year. At the same time, the Committee is cognizant of the fact that economic conditions; program changes; congressional directives; and other unforeseen circumstances often change the assumptions which are built into the President's budget submission in the first few months of the calendar year. Nevertheless, the Committee expects every agency funded in this bill to closely adhere to the estimates presented in their annual budget justifications to the Committee, including its object classification tables, unless programs, projects, activities, and funding levels are specifically altered by the Committee and/or the Congress.

In this regard, the Committee expects to receive periodic notification from the agencies if and when they intend to alter the mix of programs, projects, activities, or funding assumptions initially presented in their fiscal year 1988 budget justifications.

TITLE I—DEPARTMENT OF THE TREASURY

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

1987 appropriation to date	[1] $58,505,000
1988 budget estimate	[2] 81,041,000
House allowance	56,650,000
Committee recommendation	77,165,000

[1] Congress recommended two separate accounts in fiscal year 1987: "Salaries and expenses" and "International affairs."

[2] President proposed one consolidated account in fiscal year 1988.

The Committee recommends an appropriation of $77,165,000 for salaries and expenses for Departmental Offices at the Treasury Department, including the international affairs function. The House has provided for separate appropriations for international affairs and for the "Departmental Offices, salaries and expenses" account. The amount provided by the Committee is $3,876,000 less than the aggregate House allowance for the two accounts and the budget estimate for both accounts.

The Committee has recommended approval of the President's proposal to combine the salaries and expenses and international affairs functions within one line item account. The Committee sees no good reason to separate these two activites so long as the Department and the Secretary continue to provide extensive detail in their annual budget justifications regarding the international affairs activity. The following table reflects the President's proposed budget request for Departmental Offices under the combined line item account approved by the Committee and breaks out the international affairs subactivity in detail:

SUBACTIVITY DISTRIBUTION

	Fiscal year 1988—					
	Salaries and expenses		International Affairs		Total	
Activity	Average positions	Amount	Average positions	Amount	Average positions	Amount
Secretarial policy and program development:						
Executive direction	17	$1,086	16	$757	33	$1,843
Public, legislative, and intergovernmental affairs	51	2,276			51	2,276
Legal staff	54	2,838	15	863	69	3,701
Enforcement	37	2,111			37	2,111

SUBACTIVITY DISTRIBUTION—Continued

Activity	Fiscal year 1988— Salaries and expenses		International Affairs		Total	
	Average positions	Amount	Average positions	Amount	Average positions	Amount
Secretarial policy and program development—Con.						
Tax policy	112	$5,951	18	$1,233	130	$7,184
U/S for finance	105	5,816			105	5,816
Subtotal	376	20,078	49	2,853	425	22,931
Inspector general	114	5,436			114	5,436
International affairs:						
Assistant Secretary (Intergovernmental affairs)			17	889	17	889
Arabian Peninsula affairs			34	2,255	34	2,255
Trade and investment policy			40	2,571	40	2,571
International monetary affairs			71	4,429	71	4,429
Developing nations			65	4,080	65	4,080
Subtotal			227	14,224	227	14,224
Departmental management and administration:						
Assistant Secretary (Management)	3	158	2	73	5	231
Office of Security	9	491			9	491
Departmental finance and management	106	5,692		24	106	5,716
Departmental information systems	33	2,076			33	2,076
Administration	97	4,848	64	2,040	161	6,888
Automated Systems Division	40	7,773	13	1,096	53	8,869
Centralized services		1,934		402		2,336
Subtotal	288	22,972	79	3,635	367	26,607
Building maintenance and operations:						
Facilities maintenance	43	2,594	28	1,326	71	3,920
Office of the Curator	6	381			6	381
Space and utilities		4,739		2,230		6,969
Subtotal	49	7,714	28	3,556	77	11,270
Repairs and improvement		573				573
Total, direct funding	827	56,773	383	24,268	1,210	81,041

In recommending a reduction of $3,876,000 below the President's combined budget request for the "Departmental Offices" account, the Committee notes that the proposed appropriation still represents an increase of $1,218,000 over the fiscal year 1987 enacted level after subtracting out the nonrecurring expenses of $5,000,000 appropriated for renovation of the Treasury Annex. The Committee recommends that $183,000 could be reduced from the travel and transportation of persons and things accounts. This would constitute a 13-percent reduction in travel as mandated by the Senate-passed budget resolution and as described earlier in this report.

The Committee directs that the balance of the reduction below the budget request be absorbed in various administrative costs and overhead items in fiscal year 1988. The Committee believes that the recommended appropriation will allow the Secretary to maintain current levels for his ongoing activities and programs. However, should any shortfall arise in meeting basic program requirements, the Secretary should absorb all of those costs out of the international affairs activity.

The Departmental Offices function of the Treasury Department provides basic support to the Secretary in his roles as the chief financial officer of the Government, major policy advisor to the President and executive director of the Treasury Department. The Secretary's responsibilities include: recommending and implementing U.S. domestic and international economic policy, fiscal policy and tax policy; managing the fiscal operations of the Government; managing the public debt; overseeing the major law enforcement functions carried out by the Treasury Department; serving as the U.S. representative to the various international financial organizations; and directing the general administrative operations of the Treasury Department.

In support of the Secretary, the Departmental Offices function provides policy formulation and implementation in areas such as tax and economic affairs, trade and financial operations and general fiscal policy. This function also provides advice and technical assistance on administrative and legislative programs and establishes and coordinates departmental administrative policies in areas such as budget, accounting, personnel, procurement, information systems development and management, telecommunications, and equal employment opportunity.

The international affairs programs involve the formulation and execution of Treasury policy in a wide range of important economic areas. This activity includes those offices responsible for providing staff analysis and support for the Secretary and other senior officials involved in formulating and implementing international economic and financial policies. The issues involved within this activity include: international monetary affairs; international development financing policy; U.S. policy toward and participation in the work of the various international financial organizations; international economic analysis; international trade and investment policy; financial aspects of commodities and natural resources policy; and relations with the oil-producing countries of the Arabian peninsula.

CARGO DIVERSION STUDY

Section 1407 of Public Law 99–662, the Omnibus Water Resources Development Act, requires the Secretary of the Treasury to conduct a study to determine the impact of the port use charge in the act on potential diversions of cargo to Canada and Mexico from United States ports. The report is due to the Congress by the end of October 1987.

The Committee is concerned that little or no work has been done on the report. The Committee believes that the diversion of cargo from U.S. ports to ports in nations contiguous with the United States is a

serious problem and needs to be studied in detail. The Committee, therefore, requires the Secretary of the Treasury to provide a progress report to the Committee on this study by October 31, 1987. This report should include a description of the methodology used in the study so as to guarantee its accuracy.

In addition, the Committee directs the Secretary, in conjunction with the Secretaries of Transportation and Commerce, to undertake a comprehensive study of cargo diversion, particularly as it effects U.S. ports in the North Atlantic region. The Committee expects both reports to be completed no later than March 1, 1988.

STUDY OF SECTION 453(c) OF INTERNAL REVENUE CODE

The Committee is concerned about the complexities and adverse economic impact resulting from section 453(c) of the Internal Revenue Code. Specifically, the Committee is concerned that section 453(c) will be difficult to comply with for taxpayers and equally difficult for Treasury to implement. At the same time the Committee realizes the importance of revenue neutral solutions. Therefore, the Committee directs Treasury to undertake a study to analyze the complexities of section 453(c), and to recommend less complex, revenue neutral alternatives. The study should also analyze the economic impact of this rule on fiscal year taxpayers. The Committee expects this study to be completed in adequate time to assist taxpayers who must comply with section 453(c) but no later than August 15, 1988.

INTERNATIONAL AFFAIRS

1987 appropriation to date	$22,442,000
1988 budget estimate	([1])
House allowance	24,391,000
Committee recommendation	

[1] Consolidation of this account under "Departmental Offices, salaries and expenses" is recommended.

The Committee has recommended consolidation of the "International affairs" account into one "Departmental Offices, salaries and expenses" account as requested by the President. The House has proposed a separate appropriation account for the international affairs function within the Office of the Secretary of the Treasury.

The Committee believes that certain administrative savings can be achieved through consolidation of the "International affairs" account into the "Departmental Offices, salaries and expenses" account. Furthermore, the Committee knows of no abuses or misuse of funds within the "International affairs" account that would warrant a separate appropriation account as recommended by the House. At the same time, the Committee directs the Secretary of the Treasury to provide a detailed analysis and breakdown of the international affairs activities of the Treasury Department in its annual budget justification document that is presented to the Committee each year following the submission of the President's budget to Congress. The detailed analysis of the international affairs activities of Treasury should include an object classifica-

tion breakdown which reflects funding for the prior fiscal year and the current year budget request.

Federal Law Enforcement Training Center

SALARIES AND EXPENSES

1987 appropriation to date	$29,666,000
1988 budget estimate	23,133,000
House allowance	26,133,000
Committee recommendation	30,000,000

The Committee recommends an appropriation of $30,000,000 for the Federal Law Enforcement Training Center [FLETC]. This amount is $6,867,000 more than the budget request, and is $3,867,000 more than the House allowance.

The appropriation recommended by the Committee should allow the Federal Law Enforcement Training Center to provide the full cost of basic training within the FLETC budget for fiscal year 1988. The Committee concurs with the House that any shortfall in meeting the full cost of basic training should be borne by the agencies undergoing training at FLETC.

The appropriation recommended in the bill for FLETC includes the enacted fiscal year 1987 level with an additional $334,000 to help, in part, to maintain current levels at the Center next year.

The Committee believes that a reduction of $96,000 can be made in travel and transportation of persons and things in fiscal year 1988. This constitutes a 13-percent reduction in travel as mandated by the Senate-passed budget resolution and as described earlier in this report.

The Committee also believes that savings of at least $78,000 can be realized through reestimates of administrative overhead costs and requirements to meet ongoing programs at FLETC.

The Committee also concurs with the House in clarifying the definition of basic training as provided by FLETC. The Committee agrees with the House that basic training at the Center refers to all entry level training provided to new hires in the Federal service or to other Federal employees transferring into the law enforcement and security occupational career fields. Basic training includes FLETC conducted entry level programs and agency mission specific training conducted at FLETC during the first year of an individual's employment. The Committee believes that the Center should pay for all of the room, board, and directs costs for basic training for its participating organizations.

FTE LEVEL IN THE BILL

The Committee notes that in the fiscal year 1987 supplemental, FLETC was authorized to increase its base FTE level to 325. The Committee has directed in the bill that FLETC hire and maintain an average of not less than 325 direct full-time equivalent positions for fiscal year 1988. The Committee believes that this increase is the minimum necessary to support FLETC ongoing training requirements and the antiterrorism and drug enforcement training initiatives begun in fiscal

year 1987. In view of the extremely high training demands being placed on FLETC by its participating organizations, particularly basic training, the Committee is concerned that FLETC be fully staffed to meet these needs. In addition to the 325 direct FTE referenced above, the Committee directs that FLETC be given the latitude to obtain temporary, reimbursable, and nonreimbursable detail personnel from participating agencies as appropriate.

STATE AND LOCAL TRAINING AND TRAINING OF FOREIGN LAW ENFORCEMENT OFFICIALS

The Committee continues to strongly support the Center's efforts to train State and local law enforcement personnel on a space available basis and selected foreign law enforcement officials on a space available, reimbursable basis. The increased emphasis placed on the interface of Federal law enforcement agencies with State and local law enforcement agencies by the Anti-Drug Abuse Act and other legislation in recent years has rejuvenated the momentum of this critical element in our war against crime and drugs. The Center should make every effort to accommodate requests from State and local law enforcement officials for training at FLETC in fiscal year 1988.

The Committee also notes the success of the United States-Bahamas drug interdiction task force and the outstanding cooperation that exists between the Customs Service, Bahamian police officials, and our other Federal law enforcement agencies operating throughout the Bahamas Islands. The Committee believes that efforts to train Bahamian and other foreign law enforcement personnel as part of our bilateral agreements to fight crime and narcotics trafficking should continue in fiscal year 1988, and be expanded if resources and space permit. The Committee expects to be kept informed of all aspects of both the State and local training program and the training of foreign law enforcement officials.

DISPOSAL OF FLETC PROPERTY

The Committee concurs with the House in directing the General Services Administration [GSA] not to proceed with any plans to dispose of any property currently designated for the Federal Law Enforcement Training Center. The Center, and its satellite facility in Marana, AZ, are unique facilities that will undoubtedly continue to be developed in order to meet the growing demand for training facilities for our Federal, State, local, and foreign law enforcement officials. The Anti-Drug Abuse Act has placed additional pressures on the Center to expand its training program, particularly as it pertains to Operation Alliance on the Southwest border, and in the area of counterterrorism training. The Committee, therefore, agrees with the House that any and all proposals to dispose of any portion of FLETC property must not be implemented without the specific approval of the Congress.

MARITIME TERRORISM AND SEAPORT SECURITY TRAINING

The Committee directs the Federal Law Enforcement Training Center to evaluate the need for, and undertake the development of, as appropriate, maritime terrorism and seaport security training. The evaluation should include incorporating such a training segment into the existing Marine Law Enforcement Training Program, the Cargo Theft Program, and the State Department's Antiterrorism Assistance Program. The report should include cost estimates for the training and should be provided to the Committee by March 1, 1988.

The Federal Law Enforcement Training Center provides the necessary facilities, equipment, and support services for conducting basic and advanced, in-service, refresher, and specialized [AIRS] training for law enforcement personnel of the participating organizations. Center personnel conduct the instructional programs for the basic recruit training and also selected portions of the advanced training. In addition, the Center furnishes training on a space-available basis to personnel from several Federal organizations which are not formal participants in ongoing training activities. The Center also provides advanced and specialized training programs, as well as basic technical assistance to State and local law enforcement agencies, pursuant to a 1982 Presidential directive to establish a national center for State and local training at the Center.

The following table reflects the projected workloads of FLETC for fiscal year 1988, including the workload which could be supported by the President's budget request:

FISCAL YEAR 1988 WORKLOAD

	President's budget submission[1]		Current projections[2]		Increase	
	Students	Stu/weeks	Students	Stu/weeks	Students	Stu/weeks
Basic	8,119	58,002	12,620	90,717	4,501	32,715
Advanced	9,083	16,791	11,093	19,386	2,010	2,595
State and local	2,792	3,588	2,523	3,345	-269	-243
Total	19,994	78,381	26,236	113,430	6,242	35,079

[1] Projections as of October 1986.
[2] Projections as of June 1987.

DORMITORY NAME DESIGNATION

Under the provisions of Public Law 99–349, the Congress appropriated $6,000,000 for construction of the first wing of a new dormitory complex at the Center. This Committee notes that in July 1987, a groundbreaking ceremony was held at Glynco and that the initial wing is expected to be on line by January 1989. When the entire project is completed, this new dormitory complex will be the focal point for student residential housing and will be relied upon heavily to meet the burgeoning growth pattern at the Center. This Committee also notes that Aubrey A. "Tex" Gunnels, clerk of the House Subcommittee on Treasury, Postal Service and General Government, has played a prominent role in the development of this Center from its creation in 1970

to its present status as the premier law enforcement training facility in the world. In recognition of his leadership, diligent efforts, and long advocacy of the cause for high quality, cost effective law enforcement training for the Federal Government, the Committee has included language in the bill directing that the new building be designated the Aubrey A. "Tex" Gunnels Dormitory Complex.

MASTER PLAN FOR GLYNCO

The Committee recommends that an amount not to exceed $200,000 be used by the Center to prepare a master plan for the future development of land and facilities at Glynco. Due to the interagency nature of the Center's mission and the increased use being made by Glynco, the Committee believes that such a plan is essential for informed decision-making. The Committee expects that the Center will utilize appropriate architectural and engineering sources to prepare the plan which should address, as a minimum, classroom, residential, office, food service, and special use facilities.

FINANCIAL MANAGEMENT SERVICE

SALARIES AND EXPENSES

1987 appropriation to date	$243,181,000
1988 budget estimate	270,004,000
House allowance	270,004,000
Committee recommendation	196,667,000

The Committee recommends an appropriation of $196,667,000 for salaries and expenses of the Financial Management Service [FMS]. This amount is $73,337,000 below the budget estimate and the House allowance.

The Committee recommends that a $238,000 reduction can be made in travel and transportation of persons and things at FMS in fiscal 1988. This would constitute a 13-percent reduction in the President's request for travel and is consistent with the mandated travel reductions assumed in the Senate-passed budget resolution, and as described earlier in this report.

The Committee has also reduced the President's budget request by $99,000, a reduction to be absorbed in certain administrative costs and various overhead items in fiscal 1988.

The Financial Management Service mission involves making 700,000,000 payments each year; managing the mechanisms which collect $900,000,000,000 of revenue for the Federal Government; providing leadership, direction and assistance to Government agencies in the fields of cash and credit management as well as debt collection; overseeing a daily cash flow of over $7,000,000,000; and accounting for and reporting on these activities. Service responsibilities include: regulation and operation of the Government's collection systems; implementation of sound cash and credit management practices in the processing of Federal funds; central payment services for all civilian executive agencies except the U.S. Postal Service, U.S. Marshals, and certain Govern-

ment corporations; processing claims on all lost, stolen, and forged checks including those not issued by the Treasury; providing central accounting services for the Government; compiling and publishing financial reports; and maintaining and managing myriad trust, revolving and deposit fund accounts. The Service's financial requirements to carry out these programs are subject almost entirely to program increases generated by other agencies and the Congress.

DIRECT REIMBURSEMENT OF SOCIAL SECURITY ADMINISTRATION TO FMS FOR SERVICES RENDERED

The Committee is actively pursuing legislation that would allow the Social Security Administration to directly reimburse the Financial Management Service for services provided by FMS for Social Security. Currently, such payments are paid directly into the Treasury. It is estimated that such a provision would result in savings of $88,000,000 in budget authority, with a resultant offsetting receipt in the Treasury. The Committee believes that this streamlined approach to reimbursing FMS for the services it provides to the Social Security System is an appropriate management efficiency that should be pursued.

The Financial Management Service performs about $88,000,000 in payment, claims, and reconciliation work in the disbursement of benefits for the Social Security recipients. This does not include the cost of making 53 million supplemental security income [SSI] payments each year. The nature of the Social Security payment work and the associated costs are as follows:

—Payments processing, for both 245 million checks and 200 million direct deposit/electronic funds transfers [DD/EFT]: $76,000,000, (including a postage cost of $43,900,000).

—Check claims (that is, research and disposition on about 650,000 lost, stolen, or forged checks, as well as making collections from banks for wrongfully negotiated checks). Also claims research and resolution of DD/EFT payments that were not received: $6,500,000.

—Check reconciliation, which is essentially the FMS balancing of the Government's checkbook after the Social Security checks have been truncated or paid: $5,500,000.

In the interim, the Committee has substantially reduced the budget request of the Financial Management Service in anticipation of enactment of this legislative proposal in fiscal year 1988. It is the Committee's hope that the appropriate legislative committees of the House and Senate will work with the Committee to affect this change in the way FMS does its business early in the fiscal year.

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

SALARIES AND EXPENSES

1987 appropriation to date	$198,463,000
1988 budget estimate	197,226,000
House allowance	218,226,000
Committee recommendation	225,000,000

The Committee recommends an appropriation of $225,000,000 for the salaries and expenses of the Bureau of Alcohol, Tobacco and Firearms [ATF] for fiscal year 1988. This is $27,774,000 over the administration's request, and $6,774,000 over the House allowance.

The Committee has concurred with the House in providing additional staffing and related funding to maintain 3,251 full-time equivalent positions at the Bureau in fiscal year 1988. The Committee has also added an additional 200 FTE for the Armed Career Criminal Program. However, the Committee has recommended reducing the President's budget request for travel and transportation of persons and things $983,000 in accordance with the mandated travel reductions contained in the Senate-passed budget resolution for fiscal 1988, and as described earlier in this report.

The Committee directs that the balance of the reduction below the House allowance be absorbed in various administrative costs and overhead items in fiscal year 1988. The Committee has also raised the limitation on law enforcement motor vehicles from 300 to 500 in fiscal 1988.

The mission of the Bureau of Alcohol, Tobacco and Firearms is: (1) To reduce the criminal use of firearms and to assist other Federal, State and local law enforcement agencies in reducing crime and violence by effective enforcement of the Federal firearms laws; (2) to provide for the public safety by reducing the criminal misuse of explosives, combating arson-for-profit schemes and removing safety hazards caused by improper and unsafe storage of explosive materials; (3) to assure the collection of all alcohol and tobacco tax revenues and obtain a high level of compliance with the alcohol and tobacco tax statutes; (4) to suppress commercial bribery, consumer deception and other prohibited trade practices in the alcohol beverage industry by effective enforcement and administration of the Federal Alcohol Administration [FAA] Act; and (5) to suppress illicit manufacture and sale of nontaxpaid alcohol beverages.

The Bureau's program objectives are as follows:

Alcohol and tobacco programs

—Ensure the collection of all taxes due.
—Prevent organized crime or other unqualified applicants from obtaining permits to enter the alcohol and tobacco industries.
—Ensure an open, competitive market for alcohol beverages.
—Ensure protection for the consumer in alcohol beverage products.
—Continue projects on regulatory reform and continue programs offering assistance to other agencies (both regulatory and law enforcement), industry and the public.

Firearms program

—Reduce illegal trafficking in firearms.
—Assist Federal/State/local law enforcement and regulatory agencies in reducing illegal trafficking in weapons, reducing firearms-related crime and investigating firearms-related cases.
—Identify and investigate violence-prone individuals who use firearms in criminal acts.

Explosives and arson programs

—Reduce criminal misuse of explosives.
—Ensure public safety regarding the storage of legal explosives.
—Reduce arson incidents.
—Assist Federal/State/local investigative and regulatory agencies in explosives/arson-related areas.

FEDERAL ALCOHOL ADMINISTRATION ACT

The Committee has again inserted a provision in the bill mandating funding for enforcement of the FAA Act at a minimum level of $15,000,000. It should be noted that ATF's effectiveness in this important program area has not diminished, even though the funding amount has not been increased in recent years to compensate for inflation and rising operating costs. The Committee commends ATF's management for the productivity gains which result in continued efficient enforcement at a decreasing cost to the taxpayer.

ARSON

The efforts of the Bureau of Alcohol, Tobacco and Firearms to deal with the crime of arson for profit warrant nothing less than unqualified support from the Congress. The investigative techniques and skills brought to arson crime investigations by ATF national response teams greatly enhance the potential for solution of these vicious acts.

COLLECTION OF STATISTICS

In reviewing the Office of Management and Budget's directive to the Bureau of Alcohol, Tobacco, and Firearms to discontinue its present system of collecting statistics on the beverage alcohol industry, the Committee finds that a move to collect these statistics on a quarterly rather than on a monthly basis will restrict the beverage alcohol industry in focusing on industry problems, including alcohol abuse; will unnecessarily restrict the operations of a heavily regulated industry with deep social responsibilities which contributes approximately $14,200,000,000 in taxes on its products to local, State, and Federal governments; and will severely hamper the Government's efforts in monitoring business activities.

Therefore, the Committee directs that the ATF shall continue the monthly collection of statistics for the beverage alcohol industry.

The Committee also has included language which prohibits ATF from implementing regulations with regard to ingredient labeling.

STAFFING

To avoid confusion with respect to allocation of positions to Bureau of Alcohol, Tobacco and Firearms, the Committee emphasizes that the 3,451 positions authorized in the bill for the Bureau of Alcohol, Tobacco and Firearms are full-time equivalent positions and this level shall constitute a personnel floor to be adhered to by the agency.

The Committee allows a total of 3,451 full-time equivalent positions, an increase of 605 over the 2,846 requested for fiscal year 1988.

ROLE IN OPERATION ALLIANCE

The Committee notes that the Bureau has been designated to play an advisory role in the newly formed Southwest border drug enforcement task force called Operation Alliance—a multiagency task force headed by the U.S. Customs Service and operated in conjunction with several other Federal and State and local agencies.

Although the Committee acknowledges ATF's rigid budget constraints, it believes that the agency should continue to designate a sufficient number of staff to participate in Operation Alliance and to provide intelligence and other assistance to the task force, particularly in the area of explosives and weapons trafficking.

ARMED CAREER CRIMINAL APPREHENSION PROGRAM

The Bureau of Alcohol, Tobacco and Firearms [ATF] is in a unique position to have impact on violent crime through its jurisdiction over the Armed Career Criminal Act [ACCA].

Working with State and local police, ATF has developed a program which targets, and results in the apprehension of, violent repeat offenders. Current funding and staffing levels have allowed only limited deployment of personnel in this program area; however, in view of its proven successes, the Committee believes it time that additional resources be provided to this potentially invaluable law enforcement effort.

The Committee notes that recent studies of the armed, habitual career criminal show:

One hundred offenders may have committed: 490 armed robberies, 720 burglaries, and 4,000 other serious crimes.

Two hundred career criminals would commit: 179,000 criminal offenses in a 5-year period. The average narcotics addict commits one crime on 248 days out of 365 days.

To date, ATF armed career criminal task forces have: 127 armed career criminals indicted, 57 convictions, and 14 enhanced sentences.

The addition of 120 ATF special agents should produce as many as: 1,089 cases initiated, and 512 defendants. If incarcerated this would prevent: 2,450 armed robberies, 3,600 burglaries, and 447,500 serious crimes during a 5-year period.

The Committee is also informed that during fiscal year 1986, the profile of the typical BATF defendant was: 50.78 percent had prior felony convictions, and 62 percent had narcotics involvement.

Therefore, the Committee recommends, within the overall aggregate appropriation for BATF, an additional $10,000,000 to provide for the hiring of 120 special agents, 60 inspectors, and 20 support personnel in the Armed Career Criminal Apprehension Program for fiscal year 1988.

U.S. Customs Service

SALARIES AND EXPENSES

1987 appropriation to date	$840,186,000
1988 budget estimate	803,090,000
House allowance	963,090,000
Committee recommendation	986,809,000

The Committee recommends an appropriation of $986,809,000 for the salaries and expenses of the U.S. Customs Service. This amount is $183,719,000 more than the budget estimate, and $23,719,000 over the House figure.

The Committee notes that the combination of a proposed Presidential rescission of 1,485 full-time equivalent [FTE] positions for fiscal year 1987 and a further proposed reduction of 513 FTE in fiscal year 1988 would, if approved by the Committee, result in a devastating cut of 1,998 FTE over the 2-year period. In the aftermath of enactment of the most comprehensive drug enforcement law in the Nation's history and with the prospect of enactment of major, comprehensive trade legislation, the Committee finds these personnel cutbacks at Customs to be totally unacceptable. Not only is the Customs Service the lead agency for drug interdiction and the first line of defense at the border against the narcotics smuggler, the agency is one of the three principal revenue-raising agencies in the Federal Government. The Customs Service collects $16,000,000,000 a year and would be severely damaged in this critical revenue mission if the President's proposed personnel reductions were to be approved by the Committee. Therefore, the Committee has concurred with the House in restoring the President's proposed 1,998 FTE cutback in fiscal years 1987 and 1988; annualized the current staffing levels approved by Congress in fiscal year 1987; and recommended a major staffing and equipment enhancement in the commercial operations activity of the U.S. Customs Service.

The Committee has recommended a reduction of $3,191,000 in the President's request for travel and transportation of persons and things for Customs in fiscal year 1988. This would represent a cut of 13 percent in the request for travel in accordance with the travel reductions mandated in the Senate version of the 1988 budget resolution and as described earlier in this report.

The Committee also believes that a reduction of $3,200,000 in various administrative and overhead costs can be absorbed by the Customs Service without a degradation of ongoing programs in fiscal year 1988.

The U.S. Customs Service is the primary border enforcement agency and a major revenue producer. Customs administers and enforces the Tariff Act of 1930 and some 400 other provisions of laws and regulations of 40 other Federal agencies governing international traffic and trade. The mission is multifaceted and mandates the Service to:

—Control, regulate, and facilitate the movement of carriers, persons, and commodities between the United States and other nations;
—Protect the American consumer and the environment against the introduction of hazardous and noxious products; and protect American industry and the American worker against unfair competition from foreign manufacturers;
—Assess, collect, and protect the revenue accruing to the United States from duties, taxes, and fees incident to international traffic and trade;
—Detect, interdict, and/or investigate:

Smuggling and other illegal practices designed to gain illicit entry into the United States of prohibited articles, narcotics, drugs, and other contraband;

Fraudulent activities calculated to avoid the payment of taxes and fees, or to evade the legal requirements of international traffic and trade;

Illegal transfers of critical technology to foreign nations for the building of their military systems, thus posing a threat to our national security;

Illegal international trafficking in arms, munitions, and currency.

FUNDING FOR CUSTOMS SERVICE PERSONNEL: FISCAL YEAR 1988

In recommending an appropriation of $986,809,000 for salaries and expenses in fiscal year 1988, the Committee has taken the necessary steps to assure that the momentum of the Anti-Drug Abuse Act of 1986 (Public Law 99–570) and the personnel enhancements funded in the continuing resolution, 1987 (Public Law 99–591) are not lost in fiscal year 1988. The Anti-Drug Abuse Act authorized and the continuing resolution funded a substantial increase in drug enforcement personnel at the Customs Service and a significant initiative to bolster the Customs air interdiction operations and equipment. The Committee has recommended sufficient funding in this bill to adequately annualize the enhanced drug and other personnel levels at Customs which were mandated in the fiscal year 1987 appropriations cycle. The Committee has also annualized the cost of the fiscal year 1987 commercial operations work force that will be onboard at the end of fiscal year ending September 30, 1987. Specifically, the Committee has recommended an appropriation of $559,000,000 to annualize Customs commercial operations personnel who were funded last year, and $358,000,000 to annualize other Customs Service personnel levels, including the increased drug enforcement work force that was brought online as a result of the Anti-Drug Abuse Act of 1986 and other congressional initiatives to improve law enforcement staffing at this critical drug enforcement agency.

C³I STAFF ENHANCEMENT

The Committee has recommended an additional $1,200,000 for 24 additional intelligence officers to be assigned to the newly established command, control, communications, and intelligence [C³I] centers at March Air Force Base; Richmond Heights, FL; and Oklahoma City, OK.

CUSTOMS COMMERCIAL OPERATIONS ENHANCEMENT

The Committee has recommended an additional $75,000,000 and 1,735 additional positions in fiscal year 1988 to initiate a major enhacement of the Customs Service's commercial operations. These additional resources over the President's budget request will allow the Customs Service to bolster its commercial operations on the Southwest border of the United States and in other key ports of entry throughout the Nation. The Committee believes that it is crucial for this important agency to provide an enhanced level of service to the commercial shipping, importing, and trade community that is being demanded in the aftermath of enactment of major user fee legislation and in the forefront of congressional debate over major international trade legislation. In recommending this significant increase in commercial operations at Customs, the Committee has attempted to balance the needs for additional commercial operations personnel at critical ports of entry, with the need to proceed at a deliberate, appropriate pace with the implementation of automated commercial processing systems that will ultimately improve our ability to keep pace with growing technology in the international trade arena. At the same time, the Committee believes that providing additional highly skilled Customs staff at the ports of entry to facilitate the processing of legitimate cargo and to ferret out commercial fraud is the linchpin of any effective program to provide an improved level of service to the trade community in the United States.

The Committee estimates that the additional personnel and resources provided in the bill over the President's budget request will yield at least an additional $300,000,000 to $400,000,000 in revenues for the Treasury next year, with as much as $1,000,000,000 annually thereafter once all of these positions are onboard, trained, and in place.

In this regard the Committee has recommended the following specific personnel and equipment improvements at Customs, over and above the restoration of the President's proposed reductions for the fiscal year ending September 30, 1988:

Inspectors

Additional positions recommended: 970 ..... $38,500,000

Inspectors are an integral part of Customs overall commercial processing cycle. They facilitate the flow of international air, sea, and land traffic and persons along with examination and release responsibility for all types of imported commercial merchandise. Only minimal increases in inspector staffing resources have been forthcoming in the last several years in conjunction with the increased narcotic, security, and enforce-

ment threats faced by Customs almost exclusively along the Southwest border. These slight increases have been at the cost of reduced staffing levels at the majority of other Customs locations while both imports and traffic growth have continued to climb nationwide. The additional resources recommended will help to relieve the continuing pressure on the inspectional work force to do more with less in the face of a specific legislative mandate to provide an increased level of Customs service. The increased inspector resources will reduce vehicle waiting times, reduce waiting times at airports during peak hours by up to 33 percent (from 45 minutes to 30 minutes), and reduce release times at cargo processing operations by up to 25 percent as well as significantly reduce cargo release times when no violations are found.

Import specialists

Additional positions recommended: 300 ..... $10,325,000

Import specialists perform high-level functions related to entry, admissibility, quota, appraisement, and classification of merchandise. For the past 4 years, import specialist staffing levels have remained constant, while overall workload has grown steadily not only in sheer numbers of formal entries (60 percent increase from fiscal year 1982 to 1986), but also from the heightened focus on trade sensitive areas such as textiles and South African sanctions; and the new requirement to review and process duty free entries in order to determine user fees. In fiscal year 1988, implementation of the harmonized system will greatly impact workload for import specialists. Since items are classified differently under this system, extensive training is necessary, and a sharp decrease in bypassed merchandise will result. With additional staffing in this area, Customs could minimize the risk of revenue loss through more thorough initial review of entries, and through increased postaudit verification, because both the bypass rate and the ratio of entries per import specialist could be lowered. Also, in the area of enforcement, additional staffing would increase the number of violation detections.

Technical support

Additional positions recommended: 98 ..... $3,900,000

Technical support positions such as auditors, attorneys, and legal clerks, and laboratory positions provide vital support to Customs commercial activities. Assuming that staffing levels in other areas will increase (inspectors, import specialists, agents, et cetera) there will be work generated in technical support areas. Additional staffing in these areas is essential to handle this increase in workload.

Heavy legal caseload is expected due to user fees in the areas of commercial fraud, copyright, trademarks, and country of origin. Additional caseload will also result from the drug interdiction initiative and the harmonized system. Current staffing levels for attorneys and legal clerks are not sufficient to meet these new demands without delays or without creating a situation of potential revenue loss (that is, the statute of limitations cannot run out). Laboratories will be receiving more samples as

the new classification system goes into place, and additional staffing in this area will allow them to maintain their current level of productivity. An increase in staffing will enable laboratories to provide sufficient technical support to the Southwest border intiative, and it would fill the void in nontextile areas which resulted from the shift in resources to support textiles. Additional auditors will be needed to ensure compliance with the various user fee exactions in COBRA. Prior to implementation of the user fees, the number of Customs auditors has not been adequate to meet current workload demands due to increasing complexity and surging growth in areas that have traditionally been audited (bonded warehouses, foreign trade zones, et cetera).

Additional inspection, trade and tariff support

Additional positions recommended: 302 ..... $10,900,000

Customs aids.—Customs aids (cashiers, entry aids, textile aids) free import specialists to perform the higher-level tariff administration and enforcement duties. Without sufficient staffing in this area, only minimal relief can be provided to import specialists at ports with the heaviest workload. The added burden of collecting user fees caused a 40-percent workload increase in collections, a 25-percent increase in fee-related protests, and an almost 15-percent increase in bond sufficiency reviews. Operating at current staffing levels, serious backlogs can be expected in collection and protest processing, cashflow delays at Customs busiest ports; and considerable increases in entry processing delays. These additional resources will provide one textile aid for every two import specialist teams; cashflow occurring; and reduce processing times for summary and quota entries; and fewer input errors and ACS errors occurring.

Fines, penalties, and forfeiture specialists.—Fines, penalties, and forfeiture specialists resolve seizure, penalty, and liquidated damage cases to a civil administrative solution. In many cases, they initiate summary or judicial forfeiture proceedings to effect the forfeiture of seized items. With increased staffing levels in other areas (import specialists, inspectors, agents, auditors), there will be more fines, seizures, and liquidated damage cases to process. Current staffing levels in the Fines, Penalties, and Forfeiture Program, which have not increased in recent years, are barely adequate to support the recent drug enforcement expansion, and can only provide minimal staff in Customs busiest locations. This causes considerable backlogs in fines, penalties, and forfeiture cases. More fines, penalties, and forfeiture specialists are needed to minimize the backlog of cases, and to support the expansion of drug enforcement efforts and fraud programs. It will also accelerate the implementation of the fines, penalties, and forfeitures ACS module by 38 percent.

ACS

Additional positions recommended: 65 ..... $3,175,000

As Customs has developed its automated systems capabilities to meet with the increased workloads, it has been faced with a rapid growth in

system requirements, user needs and desire for enhancements. The result is that there are not enough resources available to meet all demands. User fees have placed an additional burden on Customs by adding to that demand. For example, the various user fees Customs has implemented has required it to reprogram and modify existing programs in order to accommodate their collection. As enforcement continues to be emphasized and the demand for adequate and expeditious service continues, so does the demand for system access and capabilities increase. Additional resources will be used to meet these demands. Specifically, they will be devoted to accelerating development, testing, and implementation of new modules and enhancements; to expansion and modification of existing capabilities; to increasing ABI and manifest participation; and to provide Customs with increased commercial enforcement capabilities. Provision of additional terminals will provide for: full manifest processing at most seaports; nationwide selectivity capability; full import specialists participation; and sufficient capability to FLETC for training purposes.

Equipment

Additional resources recommended: One-time $3,700,000

Addition of these terminals will provide for full manifest processing at most seaports as well as give to FLETC terminal capability for ACS training. It will also provide for complete nationwide selectivity, including northern and southern borders, and it will permit full import specialist participation in ACS as well as assuring that a sufficient number of terminals are available to support future ACS modules.

Border terminals

Additional resources recommended: One-time $500,000

This equipment will replace all Southwest land border primary terminals providing them with enhanced capability since these terminals will perform all current functions as well as providing TECS II enforcement capability. These terminals will expedite vehicle processing and cargo release on the Southwest border.

Airport terminals

Additional resources recommended: One-time $4,000,000

Adequately fulfilling additional equipment needs is a vital link in Customs ability to provide an increased level of service to the public. Specifically, in the air passenger processing area, many existing TECS terminals are antiquated and would be incompatible with Customs conversion plans for TECS II, which is to become operational in the near future. Also, not all primary terminals are equipped with passport readers. The replacement of all primary TECS terminals (with passport readers) and the replacement of secondary terminals will help ensure that inspectors have the most modern, up-to-date equipment available

for screening and processing in order to expedite arriving international air passengers.

Grand total: Commercial operations enhancement $75,000,000

ALLOCATION OF NEW COMMERCIAL OPERATIONS POSITIONS

The Committee expects the Commissioner of Customs to allocate these additional new commercial operations positions to the ports of entry with the greatest need. At the same time, the Committee instructs Customs to assure that the Southwest border ports of entry and certain inland ports do not receive a disproportionately low allocation of additional inspectors and import specialists. The commercial operations needs of the Southwest border ports are great and should receive a high priority from Customs in allocating these new positions.

OPERATION ALLIANCE

The Customs Service plays a major role in the implementation and coordination of the multiagency border drug enforcement initiative called Operation Alliance.

In August, the Committee held hearings in Nogales, AZ, and Las Cruces, NM on both border trade and border drug enforcement efforts by Customs and other Federal agencies. During the hearings, a common complaint put forth by State and local law enforcement officials along the border region was that the direct involvement of State and local officials in actual Operation Alliance operations was minimal if not nonexistent. The Committee notes that an original premise upon which Operation Alliance was based, was that State and local law enforcement officials would be intimately involved in actual planning of drug interdiction operations within their respective States and counties. Testimony before the Committee clearly indicated that no such direct involvement has taken place along the border in most Alliance activities.

Therefore, the Committee directs the Commissioner of Customs and his regional officials who will be handling Operation Alliance operations beginning this fall, to reverse this disturbing trend and bring the State and local Alliance coordinators more deeply into the planning and implementation of Alliance initiatives from this point forward. The State representatives for the border States involved in Alliance should be intimately involved in actual planning of all Operation Alliance activities in their States and local sheriffs and other local law enforcement officials should be much more deeply involved in activities within their counties or other areas of jurisdiction. The Committee expects the Commissioner of Customs to report periodically in writing to the Committee regarding the progress being made in bringing State and local law enforcement officials more deeply into planning, coordination, and implementation of Operation Alliance operations along the Southwest border.

CIVIL AIR PATROL

The Committee is pleased with the progress made in integrating the Civil Air Patrol [CAP] into the Custom's Drug Interdiction Program. Starting in Florida in 1985, CAP's surveillance and reporting missions for Customs has expanded to the west coast, the Southwest borders, and recently to the east coast. The funding for CAP provided by Public Law 99–570 has greatly improved CAP's effectiveness in its work with Customs.

The Committee notes, however, that the administrative support by Customs for the CAP Program needs to be improved. The Customs personnel assigned to CAP duties to date have been very capable and performed exceptionally well. However, insufficient numbers of personnel have been assigned and frequent rotation have had an adverse effect on this very important program.

The Committee recommends that the Commissioner strengthen the administrative support for the CAP Program by assigning more experienced personnel throughout the Customs Service with longer tenure. One immediate problem that the Committee believes needs to be resolved is the delay in processing Customs security clearances for CAP personnel.

LEAD AGENCY FOR DRUG INTERDICTION

In May 1987, the Attorney General of the United States announced that the U.S. Customs Service would serve as the lead Federal agency for drug interdiction, with the Commissioner of Customs serving as the Chairman of the National Drug Interdiction Committee. This decision was the culmination of nearly 1 year of arduous, intense negotiations between our two primary drug interdiction agencies: the Customs Service and the Coast Guard. The Committee concurs with the House in its contention that this important decision by the National Drug Enforcement Policy Board and the Attorney General, should signal an end to the debilitating turf battles between Customs, Coast Guard, and other law enforcement agencies and a beginning to improved cooperation among these critical drug enforcement agencies. The Committee believes that the need to mobilize all of the Federal drug enforcement agencies against the drug threat has never been more crucial in our Nation's history.

In this regard, the Committee believes that the decision to designate the Customs Service as the lead drug interdiction agency also warrants closer scrutiny as to the mix of drug enforcement personnel within the agency and an immediate reconsideration of the mix of Customs agents and so-called 1811 investigative personnel versus the traditional, patrol officer/interdiction officers who dominated the drug interdiction work force prior to the recent reorganization of the Customs Service enforcement staff. The Committee believes that the lead role in drug interdiction, by definition, should signal a return to more emphasis being placed on the role of the Customs patrol officer, the contraband enforcement team concept, and other traditional interdiction personnel

with less emphasis placed on the agent, investigative slots, or so-called 1811 positions that have been reconfigured under the recent Customs enforcement staffing reorganization. It is not the intention of the Committee to dismantle the reorganization of the agent positions within Customs law enforcement. However, the Committee directs the Commissioner of Customs to put more traditional patrol officer slots into the field in fiscal 1988 and resurrect the lead role of such personnel in the Customs Service law enforcement mission.

COMMITTEE STAFFING PRIORITIES

The following table reflects the Committee's staffing priorities by job category and should be followed by the Customs Service in implementing the Committee's recommendations for the "Salaries and expenses" account in fiscal 1988. The table reflects both the annualization of last year's enhanced personnel levels for drug enforcement, commercial operations, and other Customs programs, as well as the Customs commercial operations initiative provided in this bill. Any proposed deviation from this tabular breakdown of the Committee's staffing priorities, shall be reported well in advance, in writing, by the Commissioner of Customs to the Committee for its approval. Furthermore, any such request for alteration of the Committee's staffing directives by category should be well documented and fully justified.

SUMMARY OF EMPLOYMENT

[Number of positions]

Principal categories	Fiscal year (authorized)		
	1987	1988 changes	Total
Customs program:			
Inspectors	4,649	+970	5,619
I&C program support (includes aids)	1,016	+102	1,118
Import specialists	1,029	+300	1,329
Laboratory	144	+12	156
T&T program support (includes entry clerks)	1,633	+345	1,978
Investigations agents	1,165		1,165
Investigations program support	338		338
Aviation interdiction support	498		498
Investigators/patrol officers	903		903
TI program support	109		109
Intelligence employees	221	+24	245
Internal affairs employees	261		261
Enforcement support	314		314
Operational support	945		945
Executive direction and control	1,071		1,071
Chief and regional counsel employees	105	+6	111
Subtotal	14,401	1,759	16,160
Part-time and temporary average positions	636		636
Total average positions	15,037	1,759	[2] 16,796

[1] C[3]I staff increase.
[2] Equates to 16,361 FTE.

AUTOMATED COMMERCIAL SYSTEM [ACS]

The Committee shares the concern of the House about Customs' implementation of the automated commercial system.

ACS is computer-telecommunications system linking participants in the exchange of international trade data. ACS is the umbrella program for a comprehensive network of information storage, retrieval and exchange systems.

ACS has a number of key modules, among them:

—The automated broker interface [ABI] allows customhouse brokers to interface directly with the Customs computer to transmit entry data directly to Customs and receive release data from Customs. It allows Customs to collect more complete and accurate information without adding personnel to perform data input. The brokers benefit by receiving release status of entries, speedier general examination releases, statement billing, and access to several Customs data bases.

—The automated manifest system [AMS] controls imported merchandise from the time the manifest is received until control is taken over in some other segment of ACS. AMS allows the electronic transmission of cargo releases to carriers and provides information on the status of shipments to the carriers. It gives Customs added enforcement and control capabilities at a crucial point in cargo processing.

—The ACS financial system is the mechanism through which Customs collects and accounts for the $16,000,000,000 in payments received each year. The system interfaces with a large number of other automated and nonautomated systems and produces reports used by the importing community, Customs, Treasury, Immigration, Agriculture, and the IRS.

—The cargo selectivity system is a criteria-driven system that assesses risk and selects shipments for varying levels of examination. Cargo selectivity creates a history of examinations and results of examinations. These files may be queried in a number of ways and are invaluable for enforcement research and evaluation of our selection criteria. It accepts data transmitted through ABI and automatically transmits release data through ABI and AMS. It also establishes an inventory of entry summaries due.

—The entry summary system is the most integrated portion of ACS. Cargo selectivity sets up an entry record which must be followed by a summary. The summary accounts for the released merchandise and requires a timely collection.

—The automated quota system provides a means of securing a release of quota class merchandise through online transactions.

At the core of the ACS process is the filing of information with Customs to clear cargo being brought to the United States. Since customs brokers handle this documentation, payment, and inspection for the vast majority of Customs transactions, one of the most crucial elements of ACS is ABI, the automated broker interface. ABI is the module of

ACS whereby Customs and brokers communicate with each other through automation to handle these transactions. ABI's ultimate goal is to provide for an entirely paperless process. Because all other portions of ACS are linked to the ABI, it is clear to the Committee that the success of ACS is tied to the success of the ABI.

Customs offered customs brokers incentives to join ABI because it was not a mandatory program. These incentives were to offset the risks inherent in using a new and untested system which would control the central aspect of a broker's business. Chief among these incentives was a commitment by Customs to provide a 15-minute response time to entries, making the system faster than the manual system. In addition, Customs guaranteed brokers that they would be an integral part of the implementation process to guarantee that the ACS venture would be a cooperative exercise which improved service and America's standing in international trade.

After a substantial investment by both Customs and the private sector in ACS, the Committee is concerned, because of widespread concern among the broker community, that Customs has not lived up to the promises it made to it. The Committee is informed that response time has been substantially greater than 15 minutes. In addition, Customs has not allocated the resources needed to implement ABI. The Committee acknowledges that the rigid budget restraint imposed on Customs is in large part responsible for this resource shortfall. As of May 1, 1987, only 32 percent of all entries were filed through ABI.

Because of these concerns, the Committee directs Customs to expedite implementation of the automated broker interface module. At a minimum, the Committee fully expects Customs to reach the 15-minute response time for entries by the end of calendar year 1987 and to report to the Committee on its results in this area by January 15, 1988. In addition, the Committee hopes that all major problems with ACS will be resolved before Customs appears before the Committee for its fiscal year 1989 budget hearings in the spring.

Finally, the Committee directs the General Accounting Office to conduct a detailed review of ACS, assessing the resources assigned to the system and reviewing the performance of Customs in this area. GAO officials should consult with both administration and private sector officials on this matter. The Committee expects the final report to be finished no later than February 15, 1987, and to contain recommendations to aid in improving implementation of automating the exchange of international trade data.

ADDITIONAL COMMERCIAL OPERATIONS CONCERNS

In approving such a substantial increase in commercial operations resources next year, the Committee expects a proportionate improvement in the level of service to be provided by Customs to the commercial business community. In this regard the Committee also expects the Commissioner of Customs and his Assistant Commissioner for Commercial Operations to submit a report to the Committee addressing the following recommendations by February 1988:

(1) The attorney-advisor staff in the Office of Regulations and Rulings at Customs Headquarters should be augmented in order to provide prompt, binding Customs rulings to importers, domestic manufacturers, and other interested parties on a timely basis.

(2) Import specialists teams at all ports located throughout the United States should be increased so as to be able to serve the importing public and provide timely advice. The Committee believes that Customs should strive to meet the objective that an importer no longer be penalized for failure to secure and enter goods with correct tariff and quota classifications on which advice has been sought in writing but for which no such advice has been received.

(3) Customs import specialists should attempt to conduct, for both the benefit of the Customs Service and the importing community, line reviews of imported merchandise at importers' premises, especially when such line reviews are requested by importers in order to enable them to make the correct tariff and quota classifications for imported merchandise.

(4) Meaningful programs should be implemented to encourage voluntary compliance by importers with Customs laws and to encourage voluntary disclosures of violations or other deficiencies on previous importations. Great care should be taken by Customs that enforcement programs not be undertaken which inhibit, intimidate, or otherwise discourage the making of voluntary disclosures.

PORT OF ARRIVAL IMMEDIATE RELEASE AND ENTRY DETERMINATION

The Committee notes that substantial concern has been expressed by elements of the import business community and the Customs broker industry regarding the issue of Customs' Port of Arrival Immediate Release and Entry Determination [PAIRED] Program. Under the program, a Customs merchandise entry document is presented in the ultimate port of destination for merchandise which has entered the country in another port, the port of arrival.

The premise of the PAIRED Program is that cargo designated as low risk need not incur the additional costs of inbond movement from one port to another. Thus, general low-risk cargo can move directly into a distribution channel from a port where it is released from Customs custody. Participation in the program is not mandatory but rather voluntary at the discretion of importers and brokers. The program is designed to appeal to the business judgments of the participants in the interests of faster service and reduced costs.

Nevertheless, the Committee shares some of the concerns of the business community that the PAIRED Program appears to be raising as many questions as it intends to answer. Therefore, although the Committee does not intend to impede the progress of the PAIRED Program, it requests the Comptroller General of the United States to conduct a review of the PAIRED Program's performance to date and to work with Customs Service to accumulate and analyze statistical data and other information regarding the costs and benefits of the PAIRED Program.

In the meantime, the Committee is not prejudging the outcome of this important GAO analysis, nor is it taking a final position on the effectiveness of the PAIRED Program. The Committee expects to receive a report from the General Accounting Office by no later than August 1, 1988.

CENTRALIZED EXAMINATION STATIONS: REQUEST FOR GAO REPORT

The Committee is concerned with the January 5, 1987, Customs Directive No. 3270–03 which began the establishment of centralized examination stations [CES] in Customs ports throughout the Nation. In a departure from previously established procedures whereby Customs inspectors were stationed on the premises of a common carrier or devanning station to perform examinations of entries and imported cargo, the new policy of CES requires that entries and selected shipments be delivered to the Customs inspectors at a central location designated by Customs.

According to the directive, the objectives which Customs hopes to achieve by establishing CES's include reduction of nonproductive travel time for the inspectors, performance of more intensive examinations with better utilization of inspectional resources, and improved supervision of inspectors and the inspection process itself. Along with these productivity gains for the Federal Government, Customs also cites "improving service to the trade community" as an objective of this new program, but does not identify specific criteria by which the achievement of this objective can be measured.

Reports from various business entities indicate that the trade community, rather than experiencing improved service, has experienced a net increase in the cost of importing merchandise. Air importers in particular, who pay a premium price for cargo transportation, have experienced significantly more inconvenience in the form of delays and the additional procedures now involved in having their shipments entered, examined, and released for delivery.

At locations where centralized cargo examinations are in operation, the indirect costs of inconvenience and delays are augmented by the direct costs of additional transportation and fees to support the examination facility. The importing community has informed the Committee that these costs are particularly onerous since they are incurred in addition to the 0.22-percent ad valorem merchandise Customs user fee which is applied to virtually all formal entries.

Therefore, the Committee requests that the General Accounting Office study the CES program and address the following issues:

The level of compliance by the U.S. Customs Service in implementing its CES policy with the Administrative Procedures Act and whether or not it met the requirements imposed by the Office of Management and Budget to conduct an economic analysis and to determine the effect of the CES policy on private sector businesses;

The degree to which Customs has historically assumed the cost of inspection and the degree to which the private sector has borne these

77-210 0 - 87 - 2

costs. Determine which criteria are traditionally used by Customs to make those distinctions and whether the current CES plan is consistent with that approach;

The average costs imposed by the CES policy on the private sector, by Customs District; the factors that may make these costs unusually high or low; and whether there exist adequate controls in the Customs CES Program, designed to reduce private sector costs to a minimum;

A comparison and evaluation of the various components of the system at each site—in order to reflect Southern border, Northern border, airport, ocean port, in-bond and other Customs operations, and whether the CES, as currently implemented, is likely to reduce costs and expedite inspections. For example, whether the delays in inspection are now comparable to the delays experienced before the implementation of CES and whether CES is more likely to improve Customs' ability to deter violations of Customs laws;

A comparison of the differences between the cost savings to Customs as compared to the cost increases to the private sector;

Whether the CES imposes additional costs on the private sector;

Whether or not Customs is misreading the intent of the user fee statute that Customs commercial operations be underwritten by the fee, and whether the mandated private sector absorption of CES costs (such as facilities and equipment, transportation and labor) is at all consistent with the provisions of the user fee law prohibiting the collection of any fees for the processing of cargo in addition to those contained in Public Laws 99–272 and 99–507;

The extent to which the CES policy permits better enforcement of the trade laws; and

A consideration of whether the establishment of CES at airports should be deferred until a fully automated processing system is functional.

Until the GAO report is completed and the appropriate committees have had the opportunity to examine the report, the Committee would direct that further establishment of additional CES be deferred. The Committee also believes that the capital improvement program that has been recommended in this bill for facilities along the entire Southwest border should, in part, mitigate the need for additional centralized examination stations.

CENTRALIZED EXAMINATION STATION (EL PASO)

The Committee has concluded, based on input from the trade community, that the El Paso commercial facility at the U.S. Customs port of entry is totally inadequate. It is not feasible to conduct necessary cargo examinations to interdict narcotics and commercial fraud without causing severe delays in truck traffic from Mexico. In order to resolve the issue, a Central Examination Station [CES] was established to improve cargo inspection.

The trade community has complained that charges by the CES operator, for devanning trucks selected for examination, represent additional

costs which should be covered by the $5 user fee mandated in the 1985 Consolidated Omnibus Budget Reconciliation Act. However, that charge was designed to cover only the cost of initial document processing and truck cab inspection.

The Committee finds, and is encouraged that the Customs Southwest Region has instituted a revised policy in light of complaints and in response to the concerns of Members of Congress. Truck drivers are now given the option of utilizing a CES, or devanning the truck themselves at the Customs commercial facility. The inspection will be accomplished faster at the CES; however, if cost is the trucker's/importer's primary concern, the truck driver may wait until space is open at the Customs facility. The only time that trucks will be directed to a CES in El Paso under the new arrangement is in the event the Customs commercial lot becomes so congested that the waiting trucks block the flow of traffic or create long lines for normal truck traffic.

The Committee expects Customs to continue to utilize this arrangement with the trade community in El Paso, and refine and adjust it as necessary. The Committee also directs Customs to pursue a more workable and permanent solution to the delay problems at El Paso in the form of updated facilities.

SOUTHWEST BORDER FACILITIES IMPROVEMENT PROJECT

In title IV of the bill, the Committee has recommended a major Southwest border facilities improvement initiative that will begin a 3-year effort to repair, alter, construct, and renovate border stations and other border facilities from California to Texas. This important approach to improving our decaying facilities along the United States-Mexican border will not only preserve important international assets but will ultimately help to facilitate the flow of legitimate commercial activities back and forth across the border between our major trading partners to the South and commercial interests in the United States. This Southwest border facilities improvement project, when coupled with the commercial operations enhancement recommended in title I of the bill will serve to address two of the most critical elements in improving the United States' ability to process cargo, that is, to crack down on commercial fraud, and still combat the narcotics trafficker at our most important and oftentimes most vulnerable ports of entry. A full description of the specific Southwest border facilities projects to be initiated in fiscal year 1988 can be found in this report in the Committee analysis of title IV of the bill regarding appropriations for the General Services Administration [GSA].

CHARLESTON, WV, CUSTOMS OFFICE

The Committee believes that the port of customs office in Charleston, WV, is an important facility both to the State of West Virginia and the Nation and should be maintained in tact in fiscal year 1988. The Committee further directs that no effort be made to close or reduce the operations of this office.

HAGERSTOWN AIRPORT

The Committee directs the Customs Service to review the availability of providing Customs personnel to inspect periodic international air traffic at the Hagerstown, MD, airport. The Committee believes that the limited nature of this request, which would require inspection for a maximum of one afternoon a month from March to November, may make it a feasible operation. Therefore, the Committee fully expects the Customs Service to work with its Baltimore district and local government and business officials in the Hagerstown area to assess the feasibility of a plan for beginning this operation by January 1, 1988. This plan should guarantee that there is no disruption to any other operation in the Baltimore district.

LUKEVILLE, AZ, PORT OF ENTRY

The Committee notes that the area surrounding the port of entry at Lukeville, AZ, has become a major staging area for the airborne narcotics trafficker, bringing drugs into the United States through Mexico. At the same time, the Committee also is aware that the level of legitimate commercial traffic through the Lukeville Port of Entry has increased in recent years. For both of these reasons the Committee directs the Commissioner of Customs to assign sufficient Customs personnel to Lukeville, AZ, to maintain a 24-hour presence at the port of entry, and in the Lukeville area to assure a sufficient law enforcement presence to combat the increasing air smuggling threat in and around this United States-Mexico border port.

CUSTOMS MARINE DRUG INTERDICTION: MARYLAND

The Committee believes that there is justification to initiate the establishment of a marine interdiction module in Maryland, in order to patrol the mouth of the Chesapeake Bay and other potential drug smuggler penetration points along the Maryland coast.

With the increased presence of Customs, Coast Guard, and other law enforcement agencies in the Southeast portion of the United States, there is increasing evidence within the law enforcement community that the airborne and marine-borne narcotics smuggler is penetrating the Mid-Atlantic States, including Maryland, with greater frequency. In this regard, the Committee directs the Commissioner of Customs to conduct a comprehensive threat assessment of the marine narcotics smuggling threat to the Maryland coast and particularly, the central and northern approaches of the Chesapeake Bay. This threat assessment should be completed by no later than February 1, 1988.

In the meantime, the Commissioner of Customs is directed to begin the establishment of a marine drug interdiction program in Maryland which will focus its drug interdiction efforts on the mouth of the Chesapeake Bay and other parts of the vulnerable Maryland coastline. The Commissioner shall report to the Committee within 90 days after enactment of this act regarding the level of both personnel and equip-

ment that will be assigned to the Maryland marine interdiction module to carry out the Committee directives.

CONTRABAND ENFORCEMENT TEAM SUPPORT ENHANCEMENT

The Committee recommends that the Commissioner of Customs provide six additional inspector positions to the Baltimore district to enhance its contraband enforcement team. This will enable the Baltimore district to substantially increase its narcotics inspection effort.

The Committee notes that there are currently 10 inspectors assigned to the Baltimore contraband enforcement team [CET]. Additionally, one dog handler (K–9) is being recruited.

The Baltimore district has developed a new narcotics enforcement program that depends heavily on the efforts of the CET inspectors. The goal of this new effort is to raise the level of narcotics enforcement in the Baltimore district. This new program believes as a basic premise that a narcotics threat in arriving cargo containers does exist in the port. This program intends to prove or disprove that premise.

The Committee is aware that there are over 200 vessels arriving in Baltimore annually from South American source countries with over 20,000 containers discharged in the port. The Committee believes that the success or failure of the narcotics program will depend upon the number of inspector resources that can be dedicated to the effort. Inspectors cannot be diverted from the Commercial Fraud Program that is currently, in Baltimore, very successful. Nor does the Committee believe that inspectors be diverted from the inspectional duties required at BWI Airport. The additional inspectors will enable the district to embark on the new narcotics program and at the same time maintain the many other high priority programs currently underway.

CANINE ENFORCEMENT CAPABILITY AT CHARLESTON, SC

The Committee notes that the port of entry at Charleston, SC, has developed an outstanding record of commercial and narcotics enforcement in the past year, utilizing, among other things, the contraband enforcement team concept as a major enforcement tool. The Port of Charleston is a major port which processes a substantial amount of cargo entering the United States. Furthermore, as Customs, Coast Guard, DEA, and other law enforcement agencies place more resources into the Southeast portion of the United States, the Port of Charleston will undoubtedly become more vulnerable to the narcotics smuggler who attempts to bypass south Florida and, bring drugs into the country through ports like Charleston by commercial vessel and aircraft.

To combat this growing threat, the Committee directs the Commissioner of Customs to establish a canine enforcement team at the Port of Charleston to supplement the work of the contraband enforcement team in its antidrug efforts in fiscal year 1988. The Committee expects to receive a report from the Commissioner on the progress of establishing this canine enforcement capability at the Port of Charleston by no later than January 1, 1988.

REDUCTIONS AND CONSOLIDATION OF CUSTOMS OFFICES

The House has inserted language in title VI prohibiting the use of funds appropriated in this act from being used to plan, implement, or administer (1) any reduction in the number of regions, districts, or entry processing locations of the U.S. Customs Service; or (2) any consolidation or centralization of duty assessment or appraisement functions of any offices of the U.S. Customs Service. The Committee has stricken this provision in title VI of the bill.

The Committee agrees with the House in principle that the Congress should be involved in final decisions as to the number of regions, districts, and processing locations of the Customs Service. However, the Committee does not agree that a wholesale prohibition on management initiatives is the answer to the problem. Provisions included in Public Law 98–573, the Tariff and Trade Act of 1984, address the question of closures, so the Committee has deleted this language.

In an effort to avoid problems which have been experienced in the past, the Committee directs the Customs Service to take the following action prior to making any closure decisions: (1) notification of the Committee of the proposal; (2) notification of affected Members of Congress; (3) coordination and discussions with those Members of Congress; and (4) final approval of the plan by the Committee.

It is to be noted the Committee expects complete consultation and coordination with the Members of Congress affected, so that local input is considered in the final decision. The Committee expects that the notification be issued so a reasonable time can be allotted to the discussion.

PROPOSED CONSOLIDATION OF NE CUSTOMS REGION

The Committee has, however, concurred with language in title I of the bill which would preclude the Customs Service from reducing the number of Customs regions below the current level of seven. The Committee is deeply concerned over pending plans within the Customs Service to consider the closing or consolidation of the Northeast region of Customs. The Committee is informed that there are discussions ongoing within the agency to merge certain elements of the Northeast region into the New York and Chicago regions. The Committee notes that the Boston regional office oversees the operation of eight district offices which operate 61 ports of entry. Four of the districts—Buffalo, NY; Ogdensburg, NY; St. Albans, VT; and Portland, ME—are almost exclusively engaged in processing imports from Canada. In calendar year 1986, imports from Canada were valued in excess of $68,000,000,000 on a Customs value basis. The four Customs districts within the Boston region that operate on the Canada-United States border processed between 40 and 50 percent of all imports from Canada on a Customs value basis. The growth in imports from Canada has grown from less than $27,000,000,000 in 1976 to the $68,000,000,000 outlined above in 1986—a 152-percent increase over the last decade. With this growth in imports comes a proportionate increase in the required level of service to be provided to the importing and business community throughout

the Northeast United States. Therefore, the Committee believes that the Customs Service would be ill-advised to make any attempt to close or cosolidate the Boston/Northeast Customs region in fiscal year 1988. The language in the bill, proposed by the House and agreed to by the Committee, would prohibit the closing of the region. It is also the intent of the Committee that this region not be consolidated into other regions during fiscal year 1988.

INTERNATIONAL AIRLINE ANTISMUGGLING PROCEDURES

Under specific provisions of the Tariff Act of 1930, as amended, specifically 19 U.S.C. § 1584, and § 1594, air carriers are subject to the highest degree of care and diligence in discovering whether smuggled narcotics are on board an aircraft. However, the Committee is concerned that there is no standard by which an airline can measure whether its precautions have satisfied the standard of care prescribed by the statute. The Committee believes that Customs should attempt to define the standard of care to be met by the airlines by specifying procedures and specific duties for the airlines to follow. The Committee believes that the serious narcotics smuggling problem on air carriers warrants the establishment of rigorous, clear standards that airlines must meet to attack this smuggling threat. At the same time, the Committee believes that all airlines should have the benefit of knowing in unmistakable terms what steps must be taken by the airlines to meet the degree of care required by statute.

The Committee expects the Secretary of the Treasury to consult with the Secretary of Transportation, and solicit the views and comments of commercial airlines, in designing and implementing tough antismuggling standards discussed in this report. The Committee further expects that regulations addressing these matters should be adopted within 90 days of enactment of this act.

RUKERT MARINE CORP. OF BALTIMORE, MD

The Committee has included bill language in section 104 that requires the U.S. Customs Service to cease efforts to liquidate and collect duties from the Rukert Marine Corp. ("Rukert") of Baltimore, MD, on certain entries of synthetic methionine made between March 26, 1976, and March 10, 1977. In addition, the language requires that any such duties, if already paid, shall be refunded. The assessed amount of antidumping duties is approximately $258,000.

The Committee has taken this step after an extensive investigation it began earlier this year determined that the Rukert Corp. was the victim of an inequitable administrative decision through no fault of its own. In addition, the Committee has included this language because the Customs Service, acting at the request of the Committee, earlier this year suspended collection of any further duties from the Rukert Corp. to allow the Congress time to remedy the inequities in this specific case.

The Rukert Corp. is a customhouse broker licensed by the U.S. Customs Service. In 1976 and 1977, Rukert served in that role for another

company which wanted to import goods, for which Rukert was listed as the importer of record for the transaction. At the time when the goods were imported, Rukert had no notice that the goods were subject to dumping duties. In fact, the Customs Service assessed the corporation in 1982, five years after the last shipment. Had they had the notice, Rukert could have substituted bond of the company for which it imported the goods for its own, thereby relieving itself of all potential liabilities.

In 1979, Congress passed legislation disallowing the assessment of dumping duties on the importer of record unless they had notice that the goods they were importing were subject to duties. Despite this legislative change requiring notice, the Customs Service assessed Rukert 3 years after Congress changed the law, acting directly contrary to congressional intent. This gross inequity could seriously damage the Rukert Corp.'s ability to do business. They had no notice of their liability, yet have now been penalized in spite of that fact.

The Committee does not intend the language it has included as a precedent for any other Customs brokers. After passage of the 1979 law, all importers of record should receive notice of their potential liability to be assessed dumping duties on entries that occur after 1979.

INCREASED VEHICLE LIMITATION

Historically, Congress has limited Customs to 200 police-type replacement vehicles per year, with no provision for increasing the size of the fleet to equip new positions or meet expanding missions. Over the last several years Congress has authorized increases in personnel to support drug interdiction and other enforcement operations but has not provided authorization or funding to equip the positions with required vehicles.

Consequently, Customs acquires additional and replacement vehicles through forfeiture, Government excess, or lease. Such vehicles are generally expensive to maintain, older vehicles with high mileage, or not entirely suited for law enforcement operations.

More than half of the current Customs fleet exceeds the General Services Administration's replacement standard of 6 years/60,000 miles. Currently, Customs is running on an 8-plus year replacement cycle. By comparison, the FBI and DEA are funded for a 3- to 4-year replacement cycle, with resulting lower maintenance and operating costs.

In summary, the current replacement cap and the absence of a provision to allow for a fleet increase have resulted in a Customs fleet that is inadequate to support operations, unsafe, and expensive to maintain and operate. Therefore, the Committee has raised the replacement cap to 1,000 and provided for a 500 new vehicle increase so as to allow both the Customs law enforcement and commercial operations fleets to be improved and to address the expanded law enforcement and commercial operations missions of the Customs Service.

OPERATION AND MAINTENANCE, AIR INTERDICTION PROGRAM

1987 appropriation to date	$170,950,000
1988 budget estimate	86,210,000
House allowance	86,210,000
Committee recommendation	150,000,000

The Committee recommends an appropriation of $150,000,000 for operation and maintenance expenses of the Customs Air Interdiction Program. This is $63,790,000 more than the total amount requested for air program activities in fiscal year 1988 and the House allowance. This amount is also $20,950,000 below the current level for fiscal year 1987.

The "Operation and maintenance, Air Interdiction Program" account covers expenses incurred by the Customs Service for operating and maintaining the aircraft, radar, equipment, and facilities necessary to carry out the successful mission of the Air Interdiction Program. This account also includes training, some equipment procurement, leasing, and special operations either directly or indirectly associated with the Air Interdiction Program. This account covers the essential costs associated with operating and maintaining the Army, Navy, and Air Force aircraft and equipment that has been and will continue to be loaned to Customs for use in its Air Interdiction Program.

Air interdiction, aimed at reducing the availability of illegal drugs in the United States, is a vital component of the Federal war on drugs. Increasingly, drug smuggling organizations have access to huge sums of money to purchase well-equipped aircraft and sophisticated equipment to evade detection and to outrun interdiction efforts of Customs air units. In order to effectively disrupt this threat, the Customs strategy is to acquire state-of-the-art equipment, configured into air modules, controlled and directed by a centralized command structure featuring the use of command, control, communications, and intelligence [C^3I] centers.

Aircraft currently operated by Customs include high-speed interceptors equipped with radar and infrared detection sensors, long-range trackers, high-performance helicopters, single and multiengine support aircraft, and P–3 and E–2C airborne detection platforms. In addition to airborne radar, radar-equipped aerostats are being deployed chiefly along the southern border of the United States. Furthermore, Customs has integrated into its force eight Customs high-endurance trackers [CHET's], which have enhanced its tracking capabilities. Customs also continues to use C–12 military aircraft, modified for a specific operational air and marine interdiction role. Development of an integrated logistics system, to provide a national basis for cost effective management of Customs' increasing aviation resources, will continue. Also, an aerostat, located at Fort Huachuca, AZ, will begin operation in November 1987.

The Customs Service will also receive the first of seven Australian Nomad marine surveillance aircraft early in fiscal year 1988. These aircraft are the product of a joint Department of Defense-Customs initiative to accept these Nomad aircraft, at no purchase cost to the Customs Service, to augment the Customs Air Interdiction Program.

Finally, the Committee has recommended sufficient resources in the bill to allow the Customs Service to explore additional tracker/interceptor and short-range surveillance aircraft for inclusion in the Customs air interdiction fleet, beginning in fiscal year 1988.

Customs air strategy in fiscal year 1988 will be directed, among other tings, to achieving the following objectives: (*a*) Expand the use of air modules; (*b*) continue nationwide coordination of assets in order to maximize use of resources; (*c*) continue development of an effective tactical intelligence system and comprehensive data base for threat analysis to improve program strategy, plans, and tactics; and (*d*) expand capabilities for pinpointing suspect aircraft for effective and rapid interception by Customs air units by the development and implementation of C^3I centers.

PRESIDENT'S BUDGET REQUEST

The President's proposed budget for operation and maintenance, Air Interdicton Program, falls far short of the resources required to maintain even the current level of operations for the Customs air program. In this regard, the Committee believes that the momentum initiated by the Anti-Drug Abuse Act of 1986 (Public Law 99–570) and Omnibus Drug Supplemental Appropriations Act of 1987 (Public Law 99–591, title II) would be severely damaged at the funding levels proposed by the President. Therefore, the Committee has recommended an appropriation of $150,000,000, a reduction of $20,950,000 below current levels, for the Customs Air Interdiction Program in fiscal year 1988 rather than the $86,210,000 proposed by the President and the House. This level of funding will allow Customs to maintain its current fleet of drug interdiction assets and continue the initiatives established in the Anti-Drug Abuse Act of 1986; the continuing resolution, 1987; and the recently enacted supplemental appropriation bill, 1987 (Public Law 100–71). The appropriation recommended by the Committee will also allow a small amount to fund new air interdiction activities, consistent with the Customs Service's recently approved role as the lead agency for drug interdiction.

The Committee has recommended a reduction of $340,000 in the President's budget request for travel and transportation of persons and things for the Air Interdiction Program in fiscal year 1988. This reduction constitutes a 13-percent reduction below the President's request for travel, in accordance with the proposed travel reductions assumed in the Senate version of the budget resolution for fiscal 1988, and as described earlier in this report. The Customs Service should absorb these reductions in travel carefully and should take every precaution not to disrupt the critical missions of the Air Interdiction Program next year.

The Committee recommends that funding for the air program be allocated as shown in the following table:

Air Interdiction Program, Operation and Maintenance appropriation, fiscal year 1988

General operations:	
Regular air program	$13,695,000
O&M C³I	7,000,000
TBO replacements	1,250,000
Subtotal	21,945,000
Detection assets:	
O&M Nomads	6,686,000
O&M E-2's	8,000,000
O&M P-3's	15,500,000
O&M LTA airship	1,000,000
Caribali—Lease and O&M (High Rock, Bahamas)[1]	.....
Caribali II O&M (Georgetown, Bahamas)[1]	.....
Fort Huachuca, AZ, aerostat O&M	5,000,000
Continuation of P-3 with 360-degree radar program	31,200,000
Subtotal	67,386,000
Interdiction assets:	
O&M Blackhawks	6,300,000
O&M C-12's/King air's	6,712,000
Lease citations	2,418,000
O&M citations	6,200,000
O&M CHET's	7,200,000
Continuation of C-12/King air radar modification program	12,695,000
Subtotal	41,525,000
Subtotal O&M	130,856,000
Additional assets:	
Mini-FLIR for helicopters	1,500,000
CHET/citation radar sensor spares	5,000,000
Operation evaluation: Short-range surveillance aircraft	750,000
Additional helicopter procurement options	11,894,000
Subtotal: Additional assets	19,144,000
Grand total	150,000,000

[1] To be funded by Coast Guard in fiscal year 1988.

The Committee fully expects the Customs Service to follow the directives outlined in the table above regarding the allocation of the operation and maintenance resources in fiscal year 1988. However, as was the case in fiscal year 1987, should circumstances change during the course of the fiscal year and opportunities arise for air interdiction enhancements not previously envisioned by the Committee or the Customs Service, and should a reallocation or adjustment to the directed funding levels and allocations be required to take advantage of such opportunities, the Commissioner is expected to notify the Committee in writing of such developments and fully justify in detail any reallocation of air program resources within the total appropriation for operation and maintenance recommended by the Committee.

The Committee notes that the appropriation language contained in the bill should not be interpreted or viewed in any way as a limitation on the authority of the U.S. Customs Service to acquire aircraft by means other than commercial purchase. Furthermore, the Committee

reconfirms the intent of the Congress in prior years that the Customs Service is authorized to acquire aircraft through means such as seizure for violations of law and by transfer from other agencies. The Committee has included language in the bill granting such authority to Customs to continue acquiring seized aircraft that have been confiscated as a result of legal action against a violator of Customs laws and to acquire aircraft and equipment from other Federal agencies, including the Department of Defense.

COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE [C³I] CENTERS

The Committee is pleased to note that the Customs Service has developed a comprehensive strategy for implementing the directive contained in the Anti-Drug Abuse Act to establish command, control, communications, and intelligence [C³I] centers to coordinate and disseminate time-sensitive tactical drug interdiction intelligence to both the Customs Service and the Coast Guard drug interdiction forces in East and West sections of the country. The Customs Service, in conjunction with directives contained in the conference report on the continuing resolution, 1987, has initiated the establishment of a C³I center at March Air Force Base in Riverside, CA, and at a Coast Guard site in the State of Florida. The Customs Service has also commenced development and construction of a Customs Narcotics Aviation Command Center at Oklahoma City, OK, that will serve as the command and control center for the entire national air interdiction effort. The Committee has learned that all three C³I centers will be fully operational by no later than the end of fiscal year 1988.

The Committee directs Customs to continue to cooperate and coordinate with the Coast Guard in the establishment of these C³I centers and to report to the Committee on a regular basis regarding the status of these critical national drug interdiction facilities.

P-3/E-2C SURVEILLANCE AIRCRAFT FOR U.S. CUSTOMS

The Committee notes that the National Drug Enforcement Policy Board's [NDEPB] decision to assign the lead drug interdiction role to Customs, included a directive that Customs would have primary responsibility for air interdiction and surveillance along the drug-prone Southwest border. To address the growing crisis of narcotics trafficking across the United States-Mexico border by private aircraft, the Congress and the President approved a provision in the supplemental appropriation bill, 1987 (Public Law 100–71) that would allow the Customs Service to proceed with the modification of a P–3B long-range surveillance aircraft with a Navy APS–125 radar system to be used as the linchpin of the Customs Southwest border drug surveillance effort. Implicit in the NDEPB agreements regarding the Customs role in drug interdiction was that the Customs Service would use a fleet of P–3 aircraft with 360 degree radar along the Southwest border, thus ultimately possibly freeing up the two Customs E–2C Hawkeye aircraft on loan from the Navy, for use in other parts of the country, other than the Southwest. In the

interim period, including fiscal year 1988, the Committee directs that no long-range surveillance aircraft be transferred to any other agency. The Committee strongly believes that the mix of P–3 surveillance aircraft with 360 degree radars and E–2C Hawkeye aircraft will provide the Customs Service with a devastating air interdiction fleet of long-range surveillance assets that will augment the planned use of aerostat radar systems along the Southwest border, and provide, for the first time, a solid curtain of radar detection from Texas to California.

The Committee has provided sufficient resources to allow Customs to proceed with the P–3/360 degree radar program and to pursue other options to bolster long- and short-range surveillance in the drug threat corridors along the vulnerable United States-Mexico border and the Gulf of Mexico.

While the Committee fully supports the goal of achieving an effective Customs Service airborne early warning [AEW] capability to allow Customs to detect, track, intercept, and apprehend drug smugglers, the Committee recognizes that the development of a new AEW aircraft is a significant technical and management challenge. To facilitate the Committee's oversight of the development of the Customs Service to report to the Committees on Appropriations of the House and Senate, respectively, not later than the first day of each calendar quarter, on the progress of the P–3 AEW program. Each such quarterly report shall contain a development plan setting forth major elements of the program and milestones for their accomplishment; a narrative description of progress toward completion of each of these major elements, including a specific discussion of any problems encountered and details of planned and/or implemented solutions to each of these problems; a narrative discussion of planned tests, including a rationale for test standards and a standard of test results; and a detailed accounting of the obligation and expenditure of all appropriated funds. Each such quarterly report shall also contain a narrative overview of the current status of the program with regard to cost, schedule, technical risk, and system performance signed by the Customs Service program manager. The first of these reports must reach the respective committees not later than January 1, 1988.

The Committee directs the Customs Service to report quarterly to the Committees on Appropriations all costs associated with operating and maintaining the P–3 AEW aircraft from the onset of its use in drug interdiction.

The Committee is informed that the Customs Service does not intend to commit additional resources to the follow-on P–3 aircraft until they are satisfied that the prototype P–3 surveillance aircraft meets its air drug interdiction surveillance performance specifications. The Committee strongly concurs with this requirement and expects to be kept fully apprised of the prototype's ability to meet these rigid specifications.

With regard to the Customs Service air program funding summarized in the table entitled "Air Interdiction Program Operation and Maintenance Appropriation, Fiscal Year 1988", in this report, the Committee directs the Customs Service to provide the Committees on Appropri-

ations with a detailed breakout identifying all costs for each of the specific elements of each category under general operations, detection assets, interdiction assets, and additional assets. The Committee also directs Customs Service to explain in detail how the LTA airship, listed under detection assets in this report, has become a Customs Service resource and how it will be employed for drug interdiction. Customs Service must also provide a schedule for obligation and expenditure of the O&M funds provided.

HELICOPTER PROCUREMENT OPTIONS

The Committee has reviewed the Customs Service air interdiction effort and strongly believes that additional rotary wing aircraft are needed to provide Customs with sufficient capability to apprehend airborne smuggler aircraft. The decision by the Drug Policy Board to delegate lead agency status to the Customs Service for drug interdiction carried with it major responsibility for helicopter apprehension once the suspect aircraft has been detected, tracked, and intercepted by fixed wing aircraft. The Customs Service currently utilizes Blackhawk helicopters which have been effective tools for transporting Customs enforcement personnel during air interdiction apprehensions. The Blackhawks have been particularly effective in the Southeast drug corridors of the United States. However, the 12 Blackhawks now in the Customs fleet are not sufficient in number to cover the thousands of miles of border and coastline that drug smugglers must cross to enter the United States.

The Committee notes, that while the Blackhawks have been used effectively in interdiction situations, the current budget climate may justify Customs exploring ways to substantially increase its helicopter fleet by purchasing appropriately configured civilian rotary aircraft at a lower unit cost. The use of less expensive, sensor-equipped civilian helicopters would allow Customs to purchase more helicopter units at a time when the air program budget has been reduced below fiscal 1987 levels. At the same time, the purchase of less costly, yet well-equipped rotary aircraft assets would allow Customs to place the armored Blackhawk helicopters in those regions of the country where their special capabilities would be best utilized, such as the Southeast, while using effective, less costly helicopters in other parts of the country.

Therefore, the Committee has recommended an appropriation of $11,894,000 to allow Customs to purchase, through a competitive procurement process, an additional three new, twin-engine IFR-equipped utility helicopters that are equipped with a forward looking infrared [FLIR] system and are capable of performing the Customs air interdiction mission. The Committee expects the Customs Service to initiate an accelerated, expeditious competitive procurement for these additional helicopter assets immediately upon enactment of this act.

CUSTOMS FORFEITURE FUND

(LIMITATION ON AVAILABILITY OF DEPOSITS)

1987 appropriation to date	$18,000,000
1988 budget estimate	10,000,000
House allowance	10,000,000
Committee recommendation	10,000,000

The Committee recommends an appropriation of $10,000,000 to fund the Customs forfeiture fund for fiscal year 1988 which is identical to the budget request and the House-passed bill.

Prior to fiscal year 1985, the costs of handling each seizure had been deducted from the proceeds, if any, from the sale of that seizure. However, in instances where proceeds were not sufficient to cover expenses, Customs had to cover the expenses out of its regular operating budget. The latter situation occurred frequently; by the time the seized property was forfeited, expenses for storage and other miscellaneous charges had exceeded the proceeds of the sale. Moreover, the net proceeds from one sale could not be used to offset the losses incurred from another sale.

To remedy this situation, Congress passed legislation (Public Laws 98–573 and 98–473) that authorized Customs to establish a Customs forfeiture fund. Seized and forfeited currency and any proceeds beyond the expenses of seizure and forfeiture of merchandise are deposited into this account. Originally, the fund was used for expenses related to seizures; awards to informants; payments of leins related to seizures; equipping forfeited vessels, vehicles and aircraft; payment of claims of "parties of interest to property disposed"; purchase of evidence; and destruction of drugs. Congress also passed legislation (Public Law 99–570) that authorized new uses of the fund. They are: (1) investigative costs leading to seizures; (2) cost of equipping any Customs vessel, vehicle, or aircraft for law enforcement purposes—not just forfeited conveyances; (3) reimbursement to private citizens for expenses incurred in cooperation with Customs investigations and undercover operations; and (4) cost of publicizing the availability of rewards.

During fiscal year 1988, the Committee expects the Customs Service to continue to make every effort to streamline its forfeiture fund procedures for turning over assets that have been seized, to State and local law enforcement agencies that have participated in Customs enforcement cases. The Committee is pleased to note that Customs has made good progress in this regard, but more needs to be done. The Committee directs the Commissioner of Customs to report to the Committee by no later than March 1, 1988, regarding what administrative and statutory obstacles exist which impede the prompt and efficient transfer of seized assets, including currency, to State and local law enforcement agencies.

CUSTOMS SERVICES AT SMALL AIRPORTS

(TO BE DERIVED FROM FEES COLLECTED)

1987 appropriation to date	$365,000
1988 budget estimate	486,000
House allowance	486,000
Committee recommendation	486,000

The Committee recommends an appropriation of $486,000 to allow for Customs services at certain small airports, services to be paid from user fees collected at each of these small airports. This amount is identical to both the budget request and the House allowance.

The Trade and Tariff Act of 1984 (Public Law 98–573) authorizes the U.S. Customs Service to impose user fees for services at certain small airports where the volume or value of business is insufficient to justify the availability of customs services. The fee will be equal to the expenses incurred in providing the services.

The legislation authorizes Customs to charge a fee for services at certain designated airports, additional locations to be designated by the Secretary of the Treasury. (The Governor of the State in which such airport is located must also approve the designation.)

Fees which are collected at each airport will be deposited into an account within the Treasury of the United States that is specifically designated for that airport. The funds in the account as provided by appropriation acts, will only be available for expenditures relating to the provision of Customs services at each airport including salaries and expenses of personnel employed to provide such services.

In fiscal year 1988, Customs will continue to provide services for user fees to all previously designated airports and it is expected that two additional airports will be designated during this fiscal year.

PAYMENT TO THE GOVERNMENT OF PUERTO RICO

1987 appropriation to date	$7,800,000
1988 budget estimate	
House allowance	
Committee recommendation	12,000,000

The Committee recommends an appropriation of $12,000,000 to the Government of Puerto Rico to allow for the acquisition and installation of an aerostat radar system in Puerto Rico, as part of a continuing drug interdiction effort on the island. An appropriation of $7,800,000 was provided in fiscal year 1987 as part of the Anti-Drug Abuse Act of 1986 and title II of the continuing resolution (Public Law 99–591), for certain drug interdiction assets for Puerto Rico. No appropriation was requested by the administration or provided by the House.

Customs duties, taxes, and fees collected in Puerto Rico are deposited into a miscellaneous permanent appropriations account. After providing for the expenses of administering Customs activities in Puerto Rico, the remaining amounts are transferred to the Treasurer of Puerto Rico in accordance with 48 U.S.C. 740 and 795. From time to time, a direct appropriation is made to the Government of Puerto Rico in the form of a

grant to be used for certain specific purposes. The most recent example of such a grant was the authorization of $7,800,000 in the Anti-Drug Abuse Act of 1986 (Public Law 99–570) and the appropriation of this amount in title II of the continuing resolution, 1987 (Public Law 99–591) for certain drug interdiction equipment for Puerto Rico.

Public Law 99–570 also mandated that the "United States Customs Service should station an aerostat radar system in Puerto Rico." Furthermore, in the report accompanying the Supplemental Appropriation Act of 1987 (Public Law 100–71) the Committee authorized a drug threat assessment for Puerto Rico as the first step toward appropriating funds for the installation of an aerostat radar system in Puerto Rico. The drug threat data provided to the Committee to-date indicates that the drug trafficking threat to and through Puerto Rico has increased steadily and dramatically over the past 3 years and that Puerto Rico is becoming a major transhipment point for drug smugglers bringing drugs, especially cocaine, into the United States. Therefore, the Committee has recommended an appropriation of $12,000,000 to initiate the procurement and installation of an aerostat radar system in Puerto Rico.

The Committee directs the U.S. Customs Service to assist the Governor of Puerto Rico during the acquisition, site selection, and installation process regarding this new aerostat radar project, and to provide whatever technical assistance may be requested by the Governor of Puerto Rico in installing this significant drug interdiction asset. The Committee expects the Government of Puerto Rico to provide operation and maintenance funding for this aerostat once it has been installed and made operational. These funds could come out of the miscellaneous permanent appropriations account or any trust fund accounts available to the Government of Puerto Rico.

The Committee also expects to receive periodic written reports from the Customs Service or the Government of Puerto Rico regarding the status and progress of this aerostat program.

U.S. MINT

SALARIES AND EXPENSES

1987 appropriation to date	$42,930,000
1988 budget estimate	46,511,000
House allowance	
Committee recommendation	44,000,000

The Committee recommends an appropriation of $44,000,000 for the salaries and expenses of the U.S. Mint. The Committee recommendation is $44,000,000 above the House allowance, and $2,511,000 below the President's request. The House deleted funding for the Mint due to lack of authorization.

The Mint manufactures coins, receives gold and silver bullion, safeguards the Government's holdings of monetary metals, and refines gold and silver bullion. The manufacture of domestic coins is the major activity of the Mint. Coins are ordered from the Mint by the Federal Reserve Banks in quantities required for the country's business transac-

tions. Thus, the volume of the Coinage Program is determined by the public need for coins. Funds requested in this budget will permit for production of approximately 13.3 billion coins in fiscal year 1988.

In reducing the President's request by $2,511,000 in fiscal 1988, the Committee directs that the Mint absorb the major portion of the reduction in the $2,752,000 requested to maintain current levels including a cut of $34,300 in certain administrative and overhead costs associated with ongoing Mint programs and activities. Absorbing cuts in these areas should allow for the increased coin production; equipment purchases; and asbestos removal initiatives recommended by the President in his fiscal year 1988 budget.

The Committee also directs that a reduction of $67,000 be taken in the President's request for travel and transportation of persons and things. This constitutes a 13-percent reduction in travel as assumed in the Senate-passed budget resolution for fiscal year 1988 and as described earlier in this report.

Bureau of Engraving and Printing

The Bureau of Engraving and Printing, the world's largest securities manufacturing establishment, operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a)(4) to engrave and print currency and security documents, and additional authority is derived from past appropriations made to the Bureau for work to be undertaken. The operations of the Bureau are currently financed by means of a revolving fund established in accordance with the provisions of Public Law 81–656, August 4, 1950 (31 U.S.C. 5142). This fund is reimbursed by other Government agencies for the direct and indirect cost of the Bureau, including its administrative expenses, incidental to performing the work or services requisitioned.

Public Law 95–81, July 31, 1977 (31 U.S.C. 5142(c)(3)) increased the Bureau's fund, and additionally authorized the establishment of reimbursement prices from customer agencies at a level which will provide funding for the acquisition of capital equipment and future working capital. This should preclude future requests for appropriations.

The Bureau designs, manufactures, and supplies most of the major evidences of a financial character issued by the United States. It is the sole source of U.S. currency, various public debt instruments, as well as most other evidences of a financial character issued by the United States, such as postage stamps. The Bureau executes certain printings for various territories administered by the United States, particularly postage and revenue stamps. It conducts extensive research and development programs for improving the quality of products, reducing manufacturing costs, and for strengthening deterrents to the counterfeiting of Government securities. It manufactures inks and plates used for its products; purchases materials, supplies and equipment; provides maintenance services for its buildings and plant machinery and equipment; and stores and delivers its products in accordance with requirements of customer agencies. The Bureau is responsible for the accountability and

destruction of its security waste products. The Bureau also renders services to other Government agencies such as security, custodial and elevator services in areas of one of its buildings occupied by another Treasury bureau.

The total cost of sales and services is estimated to be $253,000,000 in 1987 and $268,000,000 in 1988.

The budget estimates are determined primarily by two factors: namely, (1) the volume of production of the various items needed to meet the estimated requirements of customer agencies, and (2) the unit cost of manufacturing each type of item produced. The unit cost of production of each item manufactured is developed through a detailed system of cost accounting, and adjusted to reflect all known factors which will affect the cost of production during the current and budget years. Such factors include pay rate and material price increases expected to occur during the current year, as well as estimated savings resulting from improvements in production procedures.

No direct appropriation is required to cover the activities of the Bureau.

Bureau of the Public Debt

ADMINISTERING THE PUBLIC DEBT

1987 appropriation to date	$199,622,000
1988 budget estimate	241,426,000
House allowance	241,426,000
Committee recommendation	217,000,000

The Committee recommends an appropriation of $217,000,000 for the Bureau of the Public Debt. The Committee recommendation is $24,426,000 below the budget estimate and the House level.

The Bureau of the Public Debt is responsible for administering the laws and regulations pertaining to public debt financing and operations within the framework of policies established by the Secretary of the Treasury. The Bureau's primary concerns are with the issuance, servicing, and retirement of public debt securities, and accounting for the public debt and its related interest cost. It also has a general responsibility for the conduct or direction of transactions in public issues of those Government agencies for which the Treasury acts as agent.

The Committee notes that the President has requested an increase of $37,324,000 for full Federal Reserve Bank reimbursements in fiscal year 1988. The Committee notes that the Bureau testified on March 6 that the Federal Reserve banks bring $14,000,000,000 into the Treasury each year, net of their operating expenses. Furthermore, the Bureau testified that the cost of services provided by the Federal Reserve banks is not affected by the amount of appropriated reimbursement from the Bureau and that Reserve bank operating costs not funded by Treasury appropriations are offset against Federal Reserve receipts which are returned to the Treasury each year. In fiscal year 1987, the Federal Reserve banks received approximately one-half of their operating costs through reimbursement from the Bureau.

Although the Committee is sympathetic to the Bureau's request for full reimbursement to the Federal Reserve banks in fiscal year 1988, the Committee notes that the $37,324,000 being requested represents only 0.267 percent of the total amount paid into the Treasury each year by the Federal Reserve banks. Full absorption of this amount should not cause great hardship for the Federal Reserve banks in fiscal year 1988. Nevertheless, the Committee has recommended an appropriation of $14,000,000 to fund 38 percent of the total amount requested by the Bureau for reimbursement to the Federal Reserve banks. This action by the Committee will mean that the Federal Reserve banks will have to expend only 0.167 percent of their payment to the Treasury for these overhead service costs in fiscal year 1988. At a time of great fiscal restraint, the Committee believes that the FRB must continue to absorb a substantial portion of these service costs. Should the aggregate budget deficit situation improve during the course of fiscal year 1988, the Committee will consider a supplemental appropriation to cover the balance of the requested Federal Reserve Bank reimbursements for fiscal 1988.

The Committee also recommends that of the reduction recommended below the President's request, $361,000 can be absorbed in the budget requested for travel and transportation of persons and things. This would constitute a 13-percent reduction in travel, as in accordance with the Senate-passed budget resolution for fiscal year 1988, and as described earlier in this report.

The Committee also recommends a reduction of $655,000 in administrative and other overhead costs associated with ongoing Bureau programs and certain low priority activities.

SAVINGS BOND DIVISION

The mission of the U.S. Savings Bonds Division is to reduce Federal spending by promoting the sale and retention of U.S. savings bonds. In addition to helping the U.S. Government finance its debts in the least expensive and least inflationary way possible, savings bonds provide Americans with an effective, systematic way to save through the payroll savings plan. The program is also intended to create a partnership of direct participation of American business, labor, banking, media, and community groups, as well as to provide the opportunity for all citizens to voluntarily participate in the financing of their Government.

PARKERSBURG, WV, FACILITY

The Parkersburg facility handles a considerable number of U.S. savings bond transactions. The Treasury Department has been reviewing the possibility of moving some of the Washington-based functions to Parkersburg in coming years. It appears that the availability of space and the available work force would make this move feasible. The Committee, therefore, directs the Department to accelerate and expedite the review of the relationship between the work force at Parkersburg and the work force at headquarters with a view to shifting functions to the Parkersburg facility to make maximum use of existing space and staff

and report back to the Committee periodically during fiscal year 1988 regarding the status of these functional shifts.

The Committee has expressed its concern over the hardships that have plagued the Parkersburg, WV, Bureau of the Public Debt facility due to excessive overtime and staffing shortfalls. The Committee was pleased to receive a commitment from the Department of the Treasury on June 15, 1987, that an additional 12 positions would be allocated to Parkersburg in fiscal year 1987, rather than waiting for the President's formal budget request for these slots to take effect in fiscal year 1988. On July 1, 1987, the Committee received a second commitment from the Bureau that a further increase of 15 additional employees would be possible and that recruiting for these positions had already commenced. These additional resources will undoubtedly provide much needed relief to the work force of this critical Treasury facility. These additional staff resources will bring total staffing at Parkersburg to 922 FTE by fiscal year 1988.

At the same time, the Committee notes that this welcomed increase in staffing, primarily designed for processing savings bonds, may not be adequate to address the totality of staffing shortfalls at the Parkersburg, WV, facility. Therefore, the Committee strongly recommends that the Secretary of the Treasury give high priority to assigning additional staff to the Parkersburg facility in fiscal 1988, above and beyond the commitment of 27 additional positions already allocated to Parkersburg. The Committee expects to receive periodic written reports from the Secretary of the Treasury during fiscal year 1988 regarding the staffing situation at Parkersburg, including the progress of carrying out the directives contained in this report. The Committee expects to receive its first report by no later than January 15, 1988.

PAYMENT OF GOVERNMENT LOSSES IN SHIPMENT

1987 appropriation to date	
1988 budget estimate	
House allowance	
Committee recommendation	$400,000

The Committee has recommended an emergency appropriation of $400,000 to cover Government losses in shipment. The House included no similar provision. The administration has concurred with the need for this provision.

The "Government losses in shipment" account, deals with claims for two types of losses: indemnity agreements with commercial banks for the loss of cashiers' checks, money orders, or certified checks; and Government agency losses of bonds, currency, food stamps, and other valuables. Prior to October 1, 1984, expenditures for indemnity agreements and other valuables were processed by the Treasury Department's Financial Management Service [FMS], and expenditures for Government bond losses were processed by the Bureau of the Public Debt [BPD]. The funds obligated by BPD were charged against yearly allotments from FMS which, at that time, had the responsibility for meeting all budgetary and reporting requirements for the account. However, on

October 1, 1984, complete responsibilities for controlling and managing the entire account was transferred from FMS to BPD's Office of Administration.

On March 5, 1987, the Secretary of the Treasury reported to the Congress that a violation of the Antideficiency Act had occurred in the Government losses in shipment [GLS] appropriation. The account operates as Government self-insurance for losses in shipment of coins, currency, securities, and Government-indemnified checks, certain Postal Service items, and losses in connection with the redemption of savings bonds.

The reported overobligation of $59,348 is slowly being reduced by receipts from recovered claims; however, there is a much faster growing backlog of legally authorized claims that are being held for payment until a fiscal year 1988 funding remedy is enacted.

Funding for this backlog was not included in the President's fiscal year 1988 budget because Treasury's inspector general had not yet confirmed the antideficiency violation.

The estimated funding need for fiscal year 1988 is $400,000. This is comprised of: an anticipated unpaid claims backlog growing to $157,000 in fiscal year 1987; and a fiscal year 1988 estimated claims liability of $243,000, assuming about the same total claims experience as in fiscal year 1987 (which will probably reach $255,000: $98,000 paid up to the time the violation was reported plus the anticipated backlog of $157,000).

Internal Revenue Service

SUMMARY

The Committee has recommended a total of $4,989,059,000 for the Internal Revenue Service [IRS] in fiscal year 1988. This represents an aggregate reduction of $140,791,000 below the House-passed bill and $82,791,000 below the total budget request for the four accounts which fund the Internal Revenue Service.

The Committee is fully cognizant of the clear mandate of the congressional budget resolution conference agreement which recommended the full budget request for the Internal Revenue Service. The Committee is also aware of the potential revenue-raising implications of the enhanced budget request for IRS.

The Committee has, however, reduced the aggregate IRS budget request by $33,007,000 to achieve certain administrative, overhead, and management savings in accordance with this type of reduction mandated by the conference agreement on the congressional budget resolution and other factors that have allowed savings below the President's request to be made.

The Committee has also reduced the IRS travel and transportation of persons and things budget requests by 13 percent in accordance with a mandate by the congressional budget resolution for fiscal year 1988 to cut travel by 23 percent. This reduction totals $28,472,000 below the

President's aggregate travel and transportation budget for the Internal Revenue Service. The Committee is cognizant of the importance of travel to the mission of this important revenue-producing agency. However, in these times of rigid budget restraint, the Committee believes that IRS travel budget should be subject to the same restraints that have been applied to all agencies in this bill. The Committee has made other minor reductions in pay programs and lower priority activities in the aggregate IRS budget that should have little or no effect on the President's revenue initiatives next year.

SALARIES AND EXPENSES

1987 appropriation to date	$95,147,000
1988 budget estimate	87,165,000
House allowance	87,165,000
Committee recommendation	86,382,000

The Committee recommends an appropriation of $86,382,000. The Committee recommendation is $783,000 below the budget request and the House approved level.

The salaries and expenses appropriation provides funding for policy formulation and executive direction of the Internal Revenue Service, for management services, and for the centralized direction of activities which perform independent reviews of operations and protect the integrity of the Service. The appropriation consists of two activities: executive direction and management services.

The Committee has recommended a reduction of $377,000 below the President's request for salaries and expenses. This amount can be absorbed through a 13-percent cut in travel and transportation of persons and things in this account, in accordance with the mandated cut in travel assumed in the Senate version of the budget resolution for fiscal year 1988 and as described earlier in this report.

The Committee has also recommended a reduction of $406,000 below the budget request that should be absorbed in this account through savings in certain administrative, overhead, and management costs in accordance with the mandated savings assumed in the fiscal year 1988 congressional budget resolution conference agreement.

CORRECTION OF IRS PAYROLL AND ACCOUNTING SYSTEM PROBLEMS

The Committee has learned of serious problems that have arisen with respect to the functioning of the IRS payroll and accounting system. Evidently, the present system is error prone and has functioned poorly since its inception several years ago. According to IRS figures, in the 3-month period ending March 31, 1987, more than 35,000 payroll errors have required correction, an obviously excessive number in view of the fact that this constitutes approximately 35 percent of the work force. Not only have some employees gone months awaiting replacement of a missing paycheck, but excessive delays are encountered in posting overtime pay, making savings bond deductions, and correcting pay discrepancies. As of April 1987, the number of payroll adjustments pending

from a year earlier was 8,400. These conditions have existed for some time and current data shows the situation is worsening. Between the second quarter of 1986 and the first quarter of 1987, the number of payroll adjustments by IRS rose from 20,824 to 33,784, a 62-percent increase.

The Committee considers that in a matter as important to morale as the pay of its employees, IRS should strive for and maintain a responsive, efficient, zero-defects system. A pay system in which one employee out of three will be improperly paid during any given quarter is intolerable. The Committee, therefore, directs IRS to take prompt action to upgrade its payroll and accounting system, to resolve existing pay discrepancies within 45 days of enactment of this act, to resolve any future discrepanices by the end of the next regular pay period after report of the discrepancy, to timely post payroll adjustments so that the proper amount is received in the paycheck for the next regular pay period after receipt of information from the employee, to reduce the error rate of the payroll system to a minimal level, and to communicate to employees the actions it has taken to upgrade payroll service. If these performance standards cannot be achieved, the Committee will be promptly informed and a statement of the actions and resources required to achieve these standards will be provided. The Committee directs IRS to report in writing monthly to the Committees on Appropriations of the House and Senate its progress in implementing these actions and any other remedial actions that may be necessary, commencing no later than 60 days after enactment of this act.

SECTION 1706 OF THE TAX REFORM ACT OF 1986

The Committee is concerned about the adverse economic impact of section 1706 of the Tax Reform Act on affected taxpayers (engineers, computer programmers, systems analysts, drafters, and similar professions). Specifically, section 1706 was enacted without thorough congressional consideration. The Committee notes that section 1706 was neither the subject of congressional hearings nor substantial House or Senate floor consideration.

Furthermore, the Committee is concerned that section 1706 is vague and lacks definition of taxpayer activities within the scope of the provision. Regulations have not been issued by the Internal Revenue Service implementing section 1706. Therefore, the Committee strongly urges the Internal Revenue Service to waive interest and penalties owed by taxpayers affected by section 1706 prior to the issuance of final regulations implementing the provision.

PROCESSING TAX RETURNS

1987 appropriation to date	$1,469,956,000
1988 budget estimate	1,702,576,000
House allowance	1,702,576,000
Committee recommendation	1,680,020,000

The Committee recommends an appropriation of $1,680,020,000, a re-

duction of $22,556,000 below the fiscal year 1988 request and the House allowance.

The Committee has approved the President's request, with two exceptions. First, it has proposed a 13-percent reduction in travel and transportation of persons and things in fiscal year 1988. This reduction of $7,484,000 below the budget request is consistent with the mandated cuts in travel assumed in the Senate version of the budget resolution and as described earlier in this report.

The Committee has also recommended a reduction of $15,072,000 below the President's request, to be absorbed in various administrative costs and overhead items in fiscal year 1988. This reduction should have no effect on the President's revenue initiative in fiscal 1988.

The processing tax returns appropriation provides funding for two activities: returns processing and revenue accounting, and computer services.

The returns processing and revenue accounting activity provides resources to process tax returns, account for tax revenues, issue refunds and notices, and process information returns for the Document Matching Program. Processing performed by this activity is basic for tax administration and provides necessary input to almost all other IRS programs. Funding is contained in this activity for the National Computer Center; the 10 IRS service centers; and for preparation of required statistical information on income and other aspects of the tax system. This activity includes the Office of the Assistant Commissioner (returns and information processing), the Returns Processing and Accounting Division in the national office and the counterpart assistant regional commissioners in the seven regional offices.

The computer services activity provides the primary support for servicewide data processing requirements. The activity includes the Office of the Assistant Commissioner (computer services) and the Office of the Assistant Commissioner (tax system redesign). The activity's responsibilities include the long-term redesign of the tax administration system involving the procurement and implementation of a modernized, cost-efficient tax system, featuring up-to-date ADP hardware, software, file structure, data communications, and security. Support provided by this activity includes comprehensive developmental data processing support for most service programs, including the evaluation, development, and implementation of computer systems, software and hardware requirements. Almost two-thirds of the resources devoted to ADP and information technology are included in this appropriation, with the balance allocated to the other three operating accounts.

The budget proposed for the two activities financed under the processing tax returns appropriation totals 33,300 average positions and $1,702,576,000, a net increase of 2,671 average positions and an increase of $232,620,000 over the fiscal year 1987 revised level.

STATISTICS OF INCOME PROGRAM

Within the total appropriation recommended for this account, the Committee has earmarked a total of $16,900,000 for the important Statistics of Income Program—a program which provides the data used in analyses of information from tax returns. This level of funding will facilitate adaptation to the recent major revisions in the tax law and the resultant changes that must be made in the analysis of the data.

EXAMINATIONS AND APPEALS

1987 appropriation to date	$1,654,597,000
1988 budget estimate	1,856,581,000
House allowance	1,856,581,000
Committee recommendation	1,810,000,000

The Committee recommends an appropriation of $1,810,000,000 for examination and appeals activities in fiscal year 1988, which is $46,581,000 below the budget estimate and the House total.

The Committee has recommended a reduction of $13,018,000 below the President's request for travel and transportation of persons and things. This reduction of 13 percent below the request is consistent with the travel cut assumptions contained in the Senate-passed budget resolution for fiscal year 1988, and as described earlier in this report.

The Committee has also recommended a reduction of $12,251,000 below the President's request, to be absorbed in various administrative costs and overhead items in fiscal 1988. This reduction should have no effect on the President's revenue initiative next year.

Finally, the Committee expects the Service to absorb the balance of the reduction below the President's budget estimate by absorbing a larger portion of the amount requested to cover the full-year cost of annualizing the January 1987 pay increase and the net cost of within-grade salary increases. The requested increase for both of these items is approximately $51,541,000. The Committee believes that the balance of the proposed reduction below the budget request for Examination and Appeals can and should be absorbed within the requested increase for pay raises without jeopardizing the revenue initiative that is the major program enhancement covered by this line item account.

The examination and appeals appropriation provides funding for four activities: examination, appeals and tax litigation, employee plans and exempt organizations, and international.

The examination activity is the Service's primary program for determining taxpayers' correct income and tax liability. To do this, the Service examines taxpayers' books and records to verify reported income and deductions, uncover unreported income, and validate exemptions and credits. This activity includes: the Office of the Assistant Commissioner (examination) at the national office, the offices of the assistant regional commissioners (examination), and examination personnel in district offices and service centers.

The appeals and tax litigation activity is primarily involved with those cases in which taxpayers disagree with examination results. The appeals

function provides an independent administrative review with the objective of reaching impartial settlement. Appeals activities are performed in 7 regional directors of appeals offices and 44 other appeals offices under the functional direction of the national office Appeals Division within the Office of the Chief Counsel. For those cases that cannot be resolved through the appeals process, the tax litigation function represents the Service. Tax litigation activities are performed in 7 regional counsel offices and 53 district counsel offices under the functional direction of the national office Tax Litigation Division within the Office of the Chief Counsel.

The employee plans and exempt organizations activity is responsible for maintaining compliance with certain tax laws by monitoring employee pension plans, by determining the qualifications of organizations seeking tax-exempt status, and by examining the returns of exempt organizations. The employee plans function is mainly staffed at seven key districts and several associate districts with managerial and program development staff in regional offices and at the national office. The exempt organizations function, which monitors organizations exempt from Federal income tax, funds auditors in district offices along with managerial and program development staff in regional offices and at the national office. Functional supervision for both programs is provided by the Assistant Regional Commissioner (examination) in each region and by the Assistant Commissioner (EP/EO) in the national office.

The international activity is responsible for directing IRS enforcement and assistance programs as they relate to U.S. taxpayers performing business or residing outside the continental United States and nonresident aliens with U.S. tax obligations.

This activity also provides technical tax training and administrative assistance to foreign governments and provides compliance and taxpayer service support to Puerto Rico, the Virgin Islands, and certain Pacific island jurisdictions.

In conjunction with the Assistant Commissioner, International, the International Counsel identifies and resolves international tax issues, provides timely guidance to field offices through program assistance as well as taxpayers and tax practitioners through the rulings and regulations program.

The budget proposed by the President for the four activities financed in the examination and appeals appropriation totals 43,644 average positions and $1,856,581,000, a net increase of 3,945 average positions and $188,477,000 over the fiscal year 1987 revised level.

INVESTIGATION, COLLECTION, AND TAXPAYER SERVICE

1987 appropriation to date	$1,224,982,000
1988 budget estimate	1,425,528,000
House allowance	1,483,528,000
Committee recommendation	1,412,657,000

The Committee recommends an appropriation of $1,412,657,000 for investigation, collection, and taxpayer service activities in fiscal year 1988. The Committee recommendation is $12,871,000 below the budget request and $70,871,000 below the House allowance.

The Committee has recommended a reduction of $7,593,000 below the President's request for travel and transportation of persons and things. This reduction of 13 percent below the President's request is consistent with the travel cut assumptions contained in the Senate-passed budget resolution for fiscal year 1988, and as described earlier in this report.

The Committee has also recommended a reduction of $5,278,000 below the President's budget request, to be absorbed in various administrative costs and overhead items in fiscal year 1988. This reduction should have no effect on the President's revenue initiative or enhanced taxpayer service effort next year.

TAXPAYER SERVICE ENHANCEMENT

The Committee notes that the budget request assumes an appropriation of $842,997,000 for tax collection activities in fiscal year 1988, an increase of $161,754,000, or 24 percent, over current levels. The budget request also assumes a total appropriation of $260,468,000 for taxpayer service activities next year, an increase of $22,746,000, or only 9.6 percent, over current levels.

The Committee believes that it is particularly important that the Internal Revenue Service provide an increased level of taxpayer service to all taxpayers in fiscal year 1988, beyond the levels assumed in the President's budget request. The Committee notes that the House has recommended an increase of $58,000,000 over the President's budget estimate for taxpayer service by adding this amount over and above the total request for Investigation, Collection, and Taxpayer Service. The Committee believes that it is particularly important for the Service to increase both the level and quality of taxpayer service in fiscal year 1988, especially in the aftermath of enactment of comprehensive and complicated tax reform legislation (Public Law 99–514) last year. A supplemental appropriation of $80,000,000 was provided in the current fiscal year to allow the Service to prepare for the implementation of this major tax reform act, including $13,442,000 and 300 positions for taxpayer service programs associated with the new tax law. The Committee believes that additional resources over and above the President's taxpayer service recommendations are required to assure a solid, effective, comprehensive taxpayer service effort by IRS in the coming fiscal year. However, the Committee believes that the proper approach to achieving this goal is to reallocate funding within the "Investigation, Collection, and Taxpayer Service" account, to increase taxpayer service programs, rather than add-on additional funds over and above the President's total line item account budget request.

Therefore, the Committee has directed in the bill that, within the overall aggregate funding level proposed for this line item account, no less than $318,468,000 be provided by IRS for taxpayer service programs in fiscal year 1988. This level would constitute an increase of $58,000,000 over the proposed amount for taxpayer service in the President's budget estimates, but would be achieved by reallocating funds

from the other three subaccounts within the "Investigation, Collection, and Taxpayer Service" account; that is, tax collection; tax fraud investigations; and enforcement litigation and technical. This action will achieve the objectives sought by the House without exceeding the aggregate budget request of the President for this line item account and will achieve the important objectives of the Committee that IRS taxpayer service programs be enhanced and improved to meet the needs of all taxpayers who seek help with the new tax law and other tax problems in the next filing season. The Committee believes that this reallocation can and should be achieved by the Commissioner of Internal Revenue Service without jeopardizing the revenue initiative proposed by the President.

FUNCTIONS UNDER THIS ACCOUNT

The investigation, collection, and taxpayer service appropriation provides funding for four activities: Tax fraud investigations, collection, taxpayer service, and enforcement litigation and technical.

The tax fraud investigations activity is responsible for investigating criminal violation of the Internal Revenue laws. This activity includes: the Office of the Assistant Commissioner (criminal investigation) at the national office, the offices of the assistant regional commissioners (criminal investigation), and enforcement personnel in district offices and service centers.

The collection activity provides for collecting unpaid accounts, as well as securing unfiled tax returns and payments. Collection personnel in district offices and service centers are funded under this activity, as are managerial and program formulation personnel in the national office and in regional offices.

The taxpayer service activity provides information and assistance to taxpayers to help them comply with the tax laws. Funded are personnel in the district offices who have direct contact with taxpayers, along with managerial and program development staff in the national office and in regional offices.

The enforcement litigation and technical activity provides legal support for the tax fraud and collection functions, prepares and reviews proposed legislation and regulations, interprets tax statutes, and provides general legal advice within the Service. Legal and support staff in this activity are in district and regional offices and in the national office.

The budget proposed by the President for the four activities financed in the investigation, collection, and taxpayer service appropriation totals 32,089 average positions and $1,425,528,000, an increase of 3,114 average positions and $200,546,000 over the fiscal year 1987 revised level.

TAX COUNSELING FOR THE ELDERLY

The Committee once again believes that the Tax Counseling Program for the elderly has proven to be most successful. To meet the goals of this program $2,650,000 is included within the aggregate amount recom-

mended by the Committee for investigation, collection, and taxpayer service in fiscal year 1988. This amount will allow the program to address the problems among taxpayers which will undoubtedly occur in the aftermath of the Tax Reform Act of 1986. To insure that the full effect of the program is accomplished, the IRS is directed to cover administrative expenses within existing funds.

TAXPAYER SERVICE IN MARYLAND

The Committee directs the IRS to provide two new full-time taxpayer service assistants to aid taxpayers on the upper Eastern Shore, Maryland. These new positions should not be taken from current staff in the IRS' Baltimore district office. One of these assistants should be located at its statellite office in Cecil County. Both service assistants should be on site no later than January 1, 1988.

ADMINISTRATIVE PROVISIONS

The House has included two administrative provisions in its version of the bill which would provide the IRS with the flexibility to transfer funds between its four appropriation accounts, and special authority to transfer funds as part of the document matching program provided last year.

The Committee concurs with the House regarding the need to provide the IRS with a certain degree of flexibility to address unforeseen workload changes and adjustments required during the course of a given fiscal year. The new Tax Reform Act (Public Law 99–514) has placed and will continue to place significant new responsibilities on the Service, some of which may or may not be adequately covered by the level of resources provided in a particular appropriation account. However, the Committee is extremely reluctant to provide the level of transfer authority recommended by the House, and has, therefore, proposed a 3-percent transfer authority mandate, rather than the 5 percent requested by the administration and approved by the House. Furthermore, the Committee believes that the Service should not transfer any appropriations between accounts that would have the effect of overturning or circumventing specific directives and mandates recommended by the Committee or the Congress in this bill and report. All transfers proposed by IRS under the terms and conditions outlined in the bill and this report, should be reported promptly to the Committee for its review and consideration.

The Committee has concurred with the House in providing identical language in the bill that would continue the successful document matching program at the Internal Revenue Service.

U.S. Secret Service

SALARIES AND EXPENSES

1987 appropriation to date	$334,109,000
1988 budget estimate	363,999,000
House allowance	369,999,000
Committee recommendation	373,000,000

The Committee recommends the appropriation of $373,000,000 for the U.S. Secret Service. The Senate proposal is $9,001,000 above the budget estimate and is $3,001,000 above the House-reported allowance.

The Committee recommends the following allocation of resources for the U.S. Secret Service in fiscal year 1988:

	Committee recommendation
Administration request	$363,999,000
Rowley Training Center—Constitutes funding for the remainder of the master plan design for overall training center development	+6,500,000
Subtotal	370,499,000
Unfunded Uniformed Division positions—Provides appropriations to fund positions previously authorized by OMB for Treasury Building protection but for which associated funding has not been provided in fiscal year 1988. (30 officers)	+1,300,000
Additional funding required to implement new Uniformed Division pay scale adjustment and increases	+4,048,000
Committee reduction in Secret Service travel	−2,000,000
Committee reduction in Secret Service administrative/overhead costs	−847,000
Total	373,000,000

COMPLETION OF ROWLEY TRAINING CENTER PROJECT

The Committee has included $6,500,000 in the bill to complete the final phases of the revised master plan for the development of the James J. Rowley Training Center in Beltsville, MD, and has authorized this funding to be made available until expended.

Specifically, the funding provided in the bill will allow the Secret Service to complete phases II and V of the master plan, including: (1) completion of the road system at the complex allowing security officers and response vehicles to reach the perimeter points of the center quickly in the event of an emergency, and (2) construction of a new training building that will house a defensive measures training room, classrooms, some administrative space, and a water training tank for specialized ongoing Secret Service agent and Uniform Division training.

The Committee is convinced that these training facilities for the Secret Service cannot be provided at other Federal training facilities and still meet the requirements for readiness that confront the Secret Service officers who serve in the Metropolitan Washington area. At the same time, the Committee expects to receive periodic reports from the Service regarding the progress of the implementation of the final phases of the revised master plan at Rowley, including detailed reports on the utilization of the physical training center and the water tank training fa-

cility by the Secret Service officers once the project has been completed.

TRAVEL REDUCTION

The Committee has recommended a reduction of $2,000,000 below the President's budget request for travel and transportation of persons and things in fiscal year 1988. This constitutes a reduction of approximately 4 percent below the President's request. The Committee notes that this percentage cut in travel is not consistent with other cuts in travel contained in this bill for other agencies and offices. However, the Committee believes that the Secret Service's mission in fiscal year 1988 is unique among other agencies, especially in view of the substantial cost of protection for declared candidates for the Presidency and the need to travel extensively with those protectees. Therefore, the Committee has made an exception with regard to the Secret Service and only cut the President's travel request by 4 percent, rather than the 13 percent applied to most other agencies covered by this bill.

SECRET SERVICE FUNCTIONS

Investigations, protection, and uniformed activities.—The Service must provide for the protection of the President of the United States, members of his immediate family, the President-elect, the Vice President, or other officer next in the order of succession to the Office of the President, and the Vice President-elect, and the members of their immediate families unless the members decline such protection; protection of the person of a visiting head and accompany spouse of a foreign state or foreign government and, at the direction of the President, other distinguished foreign visitors to the United States and official representatives of the United States performing special missions abroad; the protection of the person of a former President and his spouse during their lifetime, the protection of the person of a spouse of a former President until their death or remarriage, and minor children of a former President until they reach 16 years of age, unless such protection is declined. The Service is also responsible for the detection and arrest of persons engaged in counterfeiting, forging or altering of any of the obligations or other securities of the United States and foreign governments; the investigation of thefts and frauds relating to Treasury electronic fund transfers; fraudulent use of debit and credit cards; fraud and related activity in connection with Government identification documents; computer fraud; food coupon fraud; the investigation of personnel, tort claims, and other criminal and noncriminal cases.

The Secret Service Uniformed Division protects the Executive Residence and grounds in the District of Columbia; any building in which White House offices are located; the President and members of his immediate family; the temporary official residence and grounds of the Vice President in the District of Columbia; the Vice President and members of his immediate family; foreign diplomatic missions located in the Washington metropolitan area; the Treasury Building, its annex,

and grounds, and such other areas as the President may direct on a case-by-case basis.

Presidential candidate protective activities.—The Secret Service is authorized to protect major Presidential and Vice Presidential candidates, as determined by the Secretary of the Treasury after consultation with an advisory committee. In addition, the Service is authorized to protect the spouses of major Presidential and Vice presidential candidates; however, such protection may not commence more than 120 days prior to the general Presidential election.

The level of funding proposed by the Committee includes the full $29,911,000 requested by the President for Presidential candidate protective activities pursuant to 18 U.S.C. 3056(a)(7).

DEPARTMENT OF THE TREASURY

General Provisions

The Committee recommends that two general provisions included in the House bill, which have been carried in previous appropriations acts, be again carried without change. The provisions do the following:

Section 101 allows for certain maintenance, repair, cleaning, insurance, and other services for Treasury Department employees operating overseas; and section 102 sets certain criteria governing the conduct of Internal Revenue Service collection officers and activities.

The Committee has amended the House-passed version of section 103 by allowing for the transfer of up to 3 percent of any appropriations in this act for the Department of the Treasury between appropriation accounts. This is consistent with the 3-percent transfer limitation placed upon the Internal Revenue Service under title I administrative provisions for the IRS. The Committee, however, concurs with the House in calling for advance approval of such proposed transfers.

The Committee has deleted House section 104 which restricts the use of appropriated funds to bring three Treasury law enforcement agencies under the operation, oversight, or jurisdiction of the Inspector General of the Department of the Treasury.

The Committee notes that the Treasury Department is currently operating with an administrative inspector general who has oversight authority over all Treasury bureaus. The Secretary of the Treasury and many of the individual Treasury bureaus have indicated their satisfaction with the current situation with regard to the administrative inspector general and how the relationship between the inspector general and the bureaus is operating. However, the language contained in the House-passed bill would, if followed to the letter, effectively preclude the current administrative inspector general from conducting its oversight responsibilities with the Treasury bureaus that have been exempted through this language. Therefore, the Committee believes that the current relationship between the administrative inspector general at Treasury and the three Treasury bureaus in question should be allowed to continue without the restriction placed upon it by the House.

77-210 O - 87 - 3

At the same time, the Committee notes that legislation has been reported to the Senate that would establish a statutory inspector general at the Treasury Department—S. 908—and alter the internal audit function within Treasury as it applies to the major Treasury bureaus, including the ones that are the focus of the House-passed section 104 language. Although the Committee has reservations about the provisions contained in the new legislation and their possible effect on the law enforcement bureaus within Treasury, it does not believe that the language contained in the House-passed bill is warranted as a safeguard against the prospect of S. 908 being enacted. The Committee believes that the proper action to be taken is for the House and Senate to work to amend the proposed statutory inspector general bill to address the legitimate concerns of the Treasury bureaus, not to block the use of funds in this bill to support an inspector general function at Treasury.

The Committee has included language in its version of section 104 to address a one-time situation affecting reliquidation of certain entries and refund of antidumping duties assessed against a Maryland corporation.

Finally, the Committee has included a new section 105 in the bill that mandates a study of section 453(c) of the Internal Revenue Code.

TITLE II—U.S. POSTAL SERVICE

PAYMENT TO THE POSTAL SERVICE FUND

1987 appropriation to date	$650,000,000
1988 budget estimate	71,795,000
House allowance	556,507,000
Committee recommendation	517,000,000

The Committee has recommended an appropriation of $517,000,000 for payment to the Postal Service fund in fiscal year 1988. The total is $39,507,000 below the House-passed total and $445,205,000 more than the budget request.

The Postal Service appropriation is authorized under the Postal Reform Act and traditionally has been broken down into three major categories: revenue forgone on free-and-reduced-rate mail; nonfunded liabilities of the former Post Office Department and public service costs. The budget request calls for an appropriation of $39,507,000 for unfunded liabilities incurred prior to the Postal Reorganization Act; only $32,288,000 for the revenue forgone subsidy; and no funding for the public service costs.

REVENUE FORGONE

The President's budget request includes $32,288,000 for the revenue forgone subsidy to cover only free-and-reduced-rate mail for the blind. The Postal Service originally requested an appropriation of $702,420,000 for revenue forgone subsidies.

The $517,000,000 recommended by the Committee is to be applied to maintain postage rates for free and reduced rate mail at their current levels until the next general adjustment for all ratepayers which is expected to occur in the latter part of fiscal year 1988.

The Postal Service has indicated that $517,000,000 will be sufficient to maintain rates at current levels during 1988 with the possible adjustment just mentioned in the latter part of the fiscal year. The House has included $517,000,000 for revenue forgone, plus the $39,507,000 requested to fund previously unfunded liabilities of the former Post Office Department.

The Committee recommends the payment of liabilities of the United States arising from Federal Employee Compensation Act claims of former employees of the old Post Office Department be deferred.

The Committee acknowledges, as it did in the conference report on the supplemental appropriations bill, 1987 (Public Law 100–71) that these funds are owed to the Labor Department and should be paid. However, the conference report on the budget resolution for fiscal year 1988 (S. Rept. 100–76) contains no assumption for funding to cover this

payment. Therefore, the Committee regretfully must defer this payment until the budget situation allows for this reimbursement to be accommodated within overall spending totals for the Postal Service account.

The following table reflects the effect on subsidized mail rates of the President's budget estimate and the appropriation levels discussed by the Committee:

PREFERRED PRICE LEVELS[1][2]

FISCAL YEAR 1988 ILLUSTRATIVE EXAMPLES

Class of service	$517 million[3][4] (Current prices)	$702 million[3] (Step 16)	$650 million[3][5] (Above step 16)	$33 million[3][6] (Commercial rates)
Second-class publications:				
In-county (cents)	5.4	4.5	4.8	8.8
Percent		17	11	63
Nonprofit (cents)	8.7	8.2	8.4	10.6
Percent		6	3	22
Classroom (cents)	13.1	11.2	11.8	19.6
Percent		15	10	50
Science of agriculture (cents)	11.0	10.8	10.9	11.6
Percent		2	1	5
Third-class nonprofit:				
Carrier route presort (cents)	5.5	4.8	5.1	8.3
Percent		13	7	51
Presorted to five digits (cents)	7.1	6.3	6.6	10.1
Percent		11	7	42
Required presort (cents)	8.5	7.4	7.8	12.5
Percent		13	8	47
Fourth-class library rate	73.0	67.0	69.0	94.0
Percent		8	5	29

[1] See illustrative examples below.

DESCRIPTION OF ILLUSTRATIVE PREFERRED RATE EXAMPLES

SECOND-CLASS PUBLICATION

In county:
- Rural newspaper:
  - Frequency: Weekly
  - Weight: 4 ounces
  - Advertising: 50 percent
  - All delivered in county
  - Presorted to carrier route

Nonprofit:
- Veterans' magazine:
  - Frequency: Monthly
  - Weight: 4 ounces
  - Advertising: 20 percent
  - New York to Chicago
  - Presorted to five digits

Classroom:
- Classroom publications:
  - Frequency: Weekly
  - Weight: 12 ounces
  - Advertising: 15 percent
  - New York to Chicago
  - Thirty-two copies per piece

Science of agriculture:
- Rural agricultural newspaper:
  - Frequency: Weekly
  - Weight: 4 ounces
  - Advertising: 50 percent
  - Within 150 miles of entry
  - Presorted to five digits

THIRD-CLASS NONPROFIT

Fundraising letter:
- Weight: 3/4 ounces
- Nationwide distribution
- Carrier route presort
- Presorted to five digits
- Required presort

FOURTH-CLASS LIBRARY RATE

Book between libraries:
- Weight: 2 pounds
- New York to Chicago

[2] Percentage increases (decreases) are indicated below prices.
[3] Excludes $39,500,000 for POD transitional appropriations.
[4] Assumes rate increase for both preferred and other rates at the beginning of quarter four.
[5] Represents fiscal year 1987 postal appropriation level.
[6] Rates would be approximately 1 percent less if implemented before October 14.

PUBLIC SERVICE SUBSIDY

The Committee notes that the Postal Service requested no funds for public service costs specified in the Postal Reorganization Act of 1970. Appropriations for public service costs were initially authorized by Congress in the act of 1970 to provide for "a maximum degree of effective and regular postal services nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere." The Committee has not provided any funding to cover these public service costs in fiscal year 1988. However, the Committee has concurred with the House by including provisions in the bill that would: assure that mail for overseas voting and mail for the blind shall continue to be free; that 6-day delivery and rural delivery of mail shall continue at the 1983 level; and that none of the funds provided in this act be used to consolidate or close small rural and other small post offices in fiscal year 1988. These are services that must be maintained in fiscal year 1988 and beyond. The Committee believes that, despite the lack of public service appropriations, these critical postal services are the linchpin of services that the public deserves and expects.

The Committee has also concurred with the House in including a provision in the bill that would prohibit the charging of fees for furnishing postal addresses in connection with State and local child support programs. This provision was carried in Public Law 99–591, the continuing resolution for fiscal year 1987.

ORO VALLEY, AZ, POST OFFICE

The Committee recommends that, due to the estimated 40 percent population increase since the last census, every consideration be made by the Postal Service to improve post office facilities in the town of Oro Valley, AZ. The Committee suggests that the U.S. Postal Service take into account the recent annexation of 11 square miles of property by Oro Valley and its planned increase in its community to an estimated 35,000 persons. The Committee also requests that the facility site be chosen with awareness that the community is currently being served by only one office and one contracted station, both of which are at the fringe of the population centers.

SAFFORD, AZ, POST OFFICE

The Committee directs the U.S. Postal Service to improve the traffic congestion problem currently being faced by the downtown post office in Safford, AZ, and to give serious consideration to the alternatives proposed by the Graham County Board of Supervisors. The Safford postmaster has imaginatively worked to improve services at the facility. However, the downtown location has been plagued by vastly increased patronage and demand for postal services. It is important that the facility maintain its flexibility in order to meet the demands placed upon it by a community which expects to double its population by the turn of the century.

POSTAL SERVICE PROMOTIONAL OPPORTUNITIES

The Committee is concerned regarding the slow increase of minorities and women in supervisory and mangement positions. Representation by minorities in supervisory and management positions increased from 24.8 percent in fiscal year 1985 to 25.7 percent in fiscal year 1986. Representation by female employees in supervisory and management positions increased from 20 percent to 21.7 percent. In fiscal year 1986, minorities represented 30.5 percent of the work force and women represented 30 percent of the work force.

The Committee has reviewed the national affirmative action plan for fiscal year 1987, especially the barrier analysis. The Committee requests a report from the Postal Service regarding the specific actions which have proven to be the most successful in enhancing the promotional and training opportunities of women and minorities. The Committee hopes that these success stories will be shared among all Postal Service divisions.

The Committee also requests a report on the specific actions which are being undertaken to improve the promotional and training opportunities of handicapped individuals in the Postal Service. In fiscal year 1986, handicapped individuals constituted 4 percent of the work force.

The Committee requests this information by January 1, 1988. Furthermore, the Postal Service should include in their fiscal year 1989 budget submission a report updating the plan for enhancing the promotional and training opportunities of minorities, women, and handicapped employees.

U.S. POSTAL SERVICE—ADMINISTRATIVE PROVISION

The Committee has included language in the bill that would postpone the location of a regional mail distribution center in the Westchester Business Park in the town of North Castle, NY, for a period of 180 days. The Committee believes that this delay in this proposed project is fully warranted and will allow the Postmaster General, the town of North Castle, and the Committee to resolve any differences regarding possible alternative sites and other matters surrounding this sensitive matter of great importance to the citizens of New York.

TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT

FUNDS APPROPRIATED TO THE PRESIDENT

COMPENSATION OF THE PRESIDENT

1987 appropriation to date	$250,000
1988 budget estimate	250,000
House allowance	250,000
Committee recommendation	250,000

The fiscal year 1988 budget request for compensation of the President is $250,000. This amount includes $200,000 for the direct salary of the President as authorized by 3 U.S.C. 102, and a $50,000 expense account for official expenses, with any unused portions reverting to the Treasury. This expense account is not considered as taxable to the President.

The Committee concurs with the House in recommending the full budget request of $250,000 for compensation of the President.

OFFICE OF ADMINISTRATION

SALARIES AND EXPENSES

1987 appropriation to date	$15,914,000
1988 budget estimate	16,309,000
House allowance	16,309,000
Committee recommendation	16,000,000

The Committee recommends an appropriation of $16,000,000. The Committee recommendation is $309,000 below the budget estimate and the House allowance.

The Office of Administration [OA] was created by Reorganization Plan No. 1 of 1977 and formally established by Executive Order 12028. The purpose of the Office of Administration is to provide common administrative support and services to all agencies within the Executive Office of the President [EOP] and upon request, services in direct support of the President. These EOP agencies include: Council of Economic Advisers; Council on Environmental Quality—Including Office of Environmental Quality Management Fund; Office of Policy Development; National Security Council—President's Foreign Intelligence Advisory Board, President's Intelligence Oversight Board; Office of Administration; Office of Management and Budget; Office of Federal Procurement Policy; Office of Science and Technology Policy; Office of the United States Trade Representative (with a branch office in Geneva, Switzerland); Office of the Vice President; White House Of-

fice; National Critical Materials Council; and Official Residence of the Vice President.

The Office of Administration is composed of five functional divisions which are: Personnel Management Division; Financial Management Division; Administrative Operations Division; Library and Information Services Division; and Automated Systems Division—Computer Operations and Telecommunications Systems Development.

The services provided by these divisions are Personnel Management which includes recruitment, classification, training, and administration of equal employment opportunity programs; Financial Management, which is responsible for accounting, budget, payroll, travel, and imprest fund; Administrative Operations, which provide mail and messenger, printing, graphics, document preparation, procurement, and supply services; the Library, which gives support for information services including records management along with maintenance of all periodicals, books and microform; all systems development, computer operations, and related support services are performed by the Automated Systems Division.

The Committee directs that the $300,000 reduction below the budget estimate be absorbed in other services, and that at least $10,000 of this cut be applied to travel and transportation activities. This will constitute a 13-percent reduction below the budget request and is consistent with reductions in travel made in most other agencies in this bill.

The Committee also directs that further reductions in the President's request can be achieved in various administrative costs and overhead items in fiscal year 1988, in accordance with savings assumed in the conference agreement on the budget resolution.

White House Conference for a Drug Free America

SALARIES AND EXPENSES

1987 appropriation to date	$5,000,000
1988 budget estimate	
House allowance	
Committee recommendation	2,500,000

The Committee recommends an appropriation of $2,500,000 to continue the activities of the White House Conference for a Drug Free America in fiscal year 1988. The House did not provide any funding for the Conference nor did the President request an appropriation for the Conference next year.

The White House Conference for a Drug Free America, was authorized in subtitle S of title I of the Anti-Drug Abuse Act of 1986 (Public Law 99–570). Initial funding for the Conference was provided in the Omnibus Drug Supplemental Appropriations Act of 1987 (Public Law 99–591).

The purposes of the Conference are:

(1) to share information and experiences in order to vigorously and directly attack drug abuse at all levels, local, State, Federal, and international;

(2) to bring public attention to those approaches to drug abuse education and prevention which have been successful in curbing drug abuse and those methods of treatment which have enabled drug abusers to become drug free;

(3) to highlight the dimensions of the drug abuse crisis, to examine the progress made in dealing with such crisis, and to assist in formulating a national strategy to thwart sale and solicitation of illicit drugs and to prevent and treat drug abuse; and

(4) to examine the essential role of parents and family members in preventing the basic causes of drug abuse and in successful treatment efforts.

The Committee notes that on May 7, 1987, the administration requested that funds appropriated for the Conference in fiscal year 1987 be made available beyond fiscal year 1987 in order to continue the work of this important Conference in fiscal year 1988. Because the Committee and the Congress did not receive this request in time to act upon it in conjunction with the Supplemental Appropriations Act, 1987 (Public Law 100–71) no appropriate legislative vehicle was available to accommodate this request in fiscal year 1987. Nevertheless, the Committee believes that the Conference has an important mission that must be continued in fiscal year 1988. Therefore, the Committee has recommended an appropriation of $2,500,000 to continue the work of the Conference for fiscal year 1988. This level of funding is approximately the amount estimated by the administration that would have been available to carry over into fiscal year 1988 from fiscal 1987.

The White House Office

SALARIES AND EXPENSES

1987 appropriation to date	$24,824,000
1988 budget estimate	26,926,000
House allowance	26,926,000
Committee recommendation	26,426,000

The Committee recommends an appropriation of $26,426,000 for the White House Office. The Committee recommendation is $500,000 below the budget estimate and the House allowance.

The Committee directs that at least $67,000 be cut from the budget request for travel and transportation of persons (except travel by the President) and things. This constitutes a 13-percent reduction in travel, consistent with an identical percentage cut made in most agency travel budgets covered by this bill.

These funds provide the President with staff assistance and provide administrative services for the direct support of the President. This funding level will provide for 323 full-time permanent positions, approximately the same number authorized in fiscal year 1987. Public Law 95–570 authorized appropriations for the White House Office and codified the activities of the White House Office.

INADEQUACY OF WHITE HOUSE OFFICE BUDGET JUSTIFICATIONS

The Committee is concerned that the budget justifications presented to the Committee, outlining the allocation of resources and activities within the White House Office, are inadequate and should be expanded and improved in conjunction with the submission of the President's fiscal year 1989 budget next year. The Committee expects all of the agencies, departments, offices, and commissions funded in this bill to fully justify their request for appropriations as proposed by the President, and present sufficient detail regarding the proposed budget in writing to the Committee each year. The budget justification narrative explaining the White House Office budget for fiscal year 1988 consists of one sentence and four tables. For a budget of the size and importance of the White House Office, this level of detail is totally inadequate. The Committee expects a substantial improvement in the White House Office budget justifications next year.

The Committee directs the White House Office to absorb the balance of the $500,000 reduction in low-priority activities next year, including various administrative costs and overhead items in accordance with savings assumed in the budget resolution conference agreement.

EXECUTIVE RESIDENCE AT THE WHITE HOUSE

OPERATING EXPENSES

1987 appropriation to date	$4,753,000
1988 budget estimate	7,403,000
House allowance	7,403,000
Committee recommendation	7,403,000

The Committee recommends an appropriation of $7,403,000 for the Executive Residence at the White House. The Committee recommendation is identical to the budget estimate and the House allowance.

These funds provide for the care, maintenance, repair and alteration, refurnishing, improvement, heating and lighting, including electrical power and fixtures, of the Executive Residence.

The President has requested and the Committee has approved an appropriation of $2,400,000 for the restoration of the stone facade of the Executive Residence. These funds will remain available until expended with anticipated completion of the project scheduled to occur prior to the 200th anniversary of the laying of the White House cornerstone in 1992.

The funding provided by the Committee will allow for a total of 93 full-time permanent positions.

The Executive Residence staff provides for the operation of the Executive Residence. A staff of 39 domestic employees accomplishes general housekeeping, prepares and serves meals, greets visitors, and provides services as required in support of official and ceremonial functions. A staff of 32 tradespersons, including plumbers, carpenters, painters, on a single shift; electricians on a double shift; and operating engineers on a 24-hour basis, maintains and makes repairs, minor modifications, and

improvements to the 132 rooms and the mechanical systems, and provides support for official and ceremonial functions.

A staff of 13 specialized employees provides services necessary to the operation of the White House and official and ceremonial functions. This staff includes four florists, four curators, and five calligraphers.

An administrative staff consists of the chief usher, three assistant ushers, one executive grounds superintendent, two administrative assistants, one chief accountant, and one projectionist. This staff is charged with management and administrative functions of the Executive Residence. This requires coordination with the Executive Office of the President, the National Park Service, the military, the U.S. Secret Service, the General Services Administration, and other agencies.

The equivalent of four full-time work-years of extra staff above the ceiling for full-time permanent positions are hired under personal services contract agreements (service by agreement) to provide additional help as required for official and ceremonial functions.

Official Residence of the Vice President

OPERATING EXPENSES

1987 appropriation to date	$211,000
1988 budget estimate	258,000
House allowance	258,000
Committee recommendation	258,000

The Committee recommends an appropriation of $258,000 for the Official Residence of the Vice President, equal to the fiscal 1988 budget request and the House allowance.

The "Official Residence of the Vice President (Residence)" account was established by Public Law 93–346 on July 12, 1974. The Residence is located on the grounds of the Naval Observatory in the District of Columbia, and serves as a facility for official and ceremonial functions as a home for the Vice President and his family.

The objective of the "Residence" account is to provide for the care of, operation, maintenance, repair, improvement, and alteration of the Residence and to provide such appropriate equipment, furnishings, dining facilities, services, and provisions as may be required to enable the Vice President to perform and discharge the duties, functions, and obligations associated with his high office.

Special Assistance to the President

SALARIES AND EXPENSES

1987 appropriation to date	$1,897,000
1988 budget estimate	2,183,000
House allowance	2,183,000
Committee recommendation	2,163,000

The Committee recommends an appropriation of $2,163,000 for special assistance to the President. The Committee recommendation is $20,000 below the budget estimate and the House allowance.

The $20,000 reduction proposed by the Committee should be absorbed in the President's budget request for travel and transportation activities in accordance with the 13-percent travel cut assumed in the Senate version of the congressional budget resolution for fiscal year 1988.

The "Special assistance to the President" account was established on September 26, 1970, to enable the Vice President to provide assistance to the President. This assistance takes the form of directed and special presidentially assigned functions. The Vice President, through Cabinet membership and White House contact, is involved on a continuing basis regarding Presidential responsibilities.

Among the Vice President's specifically directed functions are the following: Member of the President's Cabinet, acting as Chairman when the President is absent; Statutory member of the National Security Council; Chairman of the Special Situation Group; Chairman of the Presidential Task Force on the Crime Problem in South Florida, including the National Narcotics Border Interdiction System; Ex officio member of all Cabinet councils; and Member of the Board of Regents of the Smithsonian Institution.

The objective of the Office of the Vice President is to efficiently and effectively advise, assist, and support the Vice President in the areas of domestic policy, national security affairs, counsel, administration, press, scheduling, advance and special projects and assignments. A staff is also provided for the wife of the Vice President.

The Vice President also has a staff funded by the Senate to assist him in the performance of his duties in the legislative branch duties.

Council of Economic Advisers

SALARIES AND EXPENSES

1987 appropriation to date	$2,370,000
1988 budget estimate	2,580,000
House allowance	2,580,000
Committee recommendation	2,500,000

The Committee recommends an appropriation of $2,500,000 for salaries and expenses of the Council of Economic Advisers. The Committee recommendation is $80,000 below the budget estimate and the House allowance.

The Committee directs the Council to absorb this small reduction in low-priority activities, including but not limited to travel. The Committee expects a reduction of 13 percent, or $4,000, be applied to the travel request for the Council in fiscal year 1988.

The balance of the reduction below the President's request should be absorbed in various administrative costs and overhead items in fiscal year 1988.

The activities of the Council are set forth in the Employment Act of 1946. They include the following: To assist and advise the President in the preparation of the "Economic Report"; to gather and analyze timely information concerning current and prospective economic developments

and report regularly to the President on the relationship of these developments to the achievement of maximum employment, production, and purchasing power as prescribed in the act; to appraise and report to the President on the extent to which the various programs and activities of the Federal Government contribute to the carrying out of the purposes of the act; to develop and recommend to the President national economic policies to foster and promote competitive enterprise, to avoid economic fluctuations, and to maintain maximum employment, production, and purchasing power; and to make such studies, reports, and recommendations on Federal economic policy and legislation as the President may request.

In carrying out these duties, the Council consults regularly with other government agencies and departments, as well as the Congress, and representatives of business, labor, consumers, agriculture, State and local governments, and the economics profession. In addition, the members and staff of the Council are frequently called upon to serve on Cabinet Council working groups in a wide variety of fields.

Included in the Council's staff is a statistical unit which is responsible for the monthly publication "Economic Indicators" and the preparation of the statistical material in the annual "Economic Report of the President," as well as for providing continuous assistance to the Council and professional staff.

Office of Policy Development

SALARIES AND EXPENSES

1987 appropriation to date	$2,689,000
1988 budget estimate	3,058,000
House allowance	3,058,000
Committee recommendation	3,000,000

The Committee recommends $3,000,000 for the Office of Policy Development. The Committee recommendation is $58,000 below the budget estimate and the House allowance.

The Office of Policy Development advises and assists the President in the formulation, evaluation, and coordination of long-range economic and domestic policy; supports the operation of the Office of Cabinet Affairs, including the Domestic Policy Council and the Economic Policy Council; and, in accordance with Executive Order No. 12296, supports the President's Economic Policy Advisory Board.

The Committee directs the Office of Policy Development to absorb this small reduction of $58,000 in low-priority activities, including a 13-percent cut in travel activities below the budget request (−$8,000), and a reduction in various administrative costs and overhead items next year.

NATIONAL CRITICAL MATERIALS COUNCIL

SALARIES AND EXPENSES

1987 appropriation to date	$175,000
1988 budget estimate	178,000
House allowance	350,000
Committee recommendation	500,000

The Committee recommends an appropriation of $500,000 to fund the National Critical Materials Council within the Executive Office of the President. The Committee recommendation is $322,000 over the budget estimate and $150,000 over the House allowance.

The Committee notes that the enabling legislation for the Council mandated the Council to produce a report providing a long-range assessment of U.S. critical materials needs; to establish a Federal program plan for advanced materials research and development to be reviewed annually; to evaluate and make recommendations regarding centers for industrial technology; and to establish a materials property data distribution system. The Committee is concerned that, at this juncture, none of these mandates have been accomplished. The Committee is also disturbed to learn that only 2 of the 12 full-time employees authorized for the Council have been hired as of June 27, 1987.

In order to give the Council an opportunity to meet its obligations under the enabling statute, and to aggressively pursue its charter in fiscal year 1988, the Committee is recommending an appropriation of $500,000 and five permanent full-time staff for the Council. It is the hope of the Committee that this level of funding will stimulate the Council to vigorously staff its operations and pursue its responsibilities to assess our national critical materials needs. The Committee expects to receive periodic, written reports from the Council on its activities; progress; and staffing situation throughout fiscal year 1988.

The National Critical Materials Council was created by the national Critical Materials Act of 1984 with a wide variety of purposes and statutory obligations, including the following responsibilities: To help establish and coordinate Federal materials-related policies, programs, and research and technology activities; to advise the President on materials issues, as appropriate; to review Federal compliance with the 1980 Materials Policy Act; to evaluate critical materials needs, including research and development, of industry and government; and to assess materials-related education, including the supply of materials scientists and engineers, in consultation with the academic community.

The Council has reviewed a wide variety of possible issues to focus on, including the economic health of the domestic mining and minerals processing industries, the adequacy of critical materials availability to meet national security requirements, Federal and private sector research and development activities in the advanced materials area, and the effect on the Nation's economy of trends in the minerals and materials industries. Both the Council and staff have held numerous meetings with Federal agency officials, industry and academic leaders in both the basic minerals and advanced materials fields, and have testified to Congress on these topics.

National Security Council

SALARIES AND EXPENSES

1987 appropriation to date	$4,612,000
1988 budget estimate	5,203,000
House allowance	5,203,000
Committee recommendation	5,000,000

The Committee recommends an appropriation of $5,000,000 for the salaries and expenses of the National Security Council. The Committee recommendation is $203,000 below the budget estimate and the House allowance.

The Committee directs that at least 13 percent, or $46,000, be cut below the budget request for travel at the NSC in fiscal year 1988.

The Committee also directs that a reduction be absorbed in various administrative costs and overhead items in fiscal year 1988.

The primary purpose of the Council is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security. Subject to direction by the President, it is the responsibility of the Council to assess and appraise the objectives, commitments, and risks of the United States in relation to actual and potential military power, to consider policies on matters of common interest to the departments and agencies of the Government, and to make recommendations and other reports to the President.

Office of Management and Budget

SALARIES AND EXPENSES

1987 appropriation to date	$37,413,000
1988 budget estimate	39,913,000
House allowance	39,913,000
Committee recommendation	38,000,000

The Committee recommends an appropriation of $38,000,000. The Committee recommendation is $1,913,000 below the budget estimate and the House allowance.

The Committee directs that at least $45,000, or 13 percent, be cut below the budget request for travel at OMB in fiscal year 1988, and that $36,000 be cut from the various administrative costs and overhead items next year.

The Office of Management and Budget [OMB] assists the President in the discharge of his budgetary, management, and other executive responsibilities. The Office performs the function of assisting the President in the preparation and execution of the Federal budget. The Office also provides the President with an institutional staff capability in executive management—particularly in program evaluation and coordination, management reform, regulatory analysis, Government organization, and information and management systems.

MARKETING ORDERS

Marketing orders which are authorized under the Agricultural Marketing Agreement Act of 1937, have made valuable contributions to the stability of many of our agricultural commodity markets. In addition to assuring orderly markets for both producers and consumers, marketing orders have provided for quality control standards, research and promotional programs, and supply management programs.

The Agricultural Marketing Agreement Act of 1937 gave direct supervision and control over the management of marketing orders to the U.S. Department of Agriculture. The Office of Management and Budget has never been given any legislative authority over marketing orders. OMB has attempted to become involved in the management of marketing order programs through the President's task force on regulatory review in recent years. The Committee has included language prohibiting OMB from acting with regard to marketing orders. The purpose of this language is to reaffirm USDA's sole authority in an area where they have developed the necessary expertise and trained personnel over the years to effectively monitor and enforce agricultural marketing order programs.

ALCOHOL AND TOBACCO STATISTICAL DATA

The Committee has again included language which prohibits OMB from curtailing the collection and dissemination of alcohol and tobacco statistical data. The Office of Information and Regulatory Affairs [OIRA] is apparently oblivious to the critical need for such data in addressing such problems as alcohol abuse, public health, and industrial safety.

The Committee, however, recognizes the continuing need and directs the Bureau of Alcohol, Tobacco and Firearms [ATF] to continue the monthly collection of alcoholic beverage statistics.

ALCOHOLIC BEVERAGE LABELING

The Committee has included language which bars OMB from interfering with the administration of the Federal Alcohol Administration [FAA] Act as it relates to regulation of alcoholic beverage labeling.

The OIRA recently attempted to effectively terminate the Bureau of Alcohol, Tobacco and Firearms' statutory program for prior review and approval of alcoholic beverage labels. Had OIRA been successful, the Bureau of Alcohol, Tobacco and Firearms would have been deprived of the capability it needs to keep contaminated beverages out of the marketplace, as it recently did in the case of imported wines contaminated by industrial chemicals.

Thanks to ATF's prudent use of its statutory authority in that case, there is not one documented instance of a U.S. consumer having been harmed by that contaminated wine, although over 500,000 cases were recalled from the market.

This Committee will not endorse deregulation efforts which threaten the American consumer. The Committee, therefore, continues to direct

that OMB not interfere with the Department of the Treasury in its performance of labeling regulation functions.

ANNUAL GRANT AWARD PILOT

The Committee notes that the Office of Management and Budget has delayed the implementation of the annual award pilot program already consented to by Treasury, Health and Human Services, and the seven States agreeing to participate. OMB has done this by insistence that the annual pilot operate no differently than if it were still a quarterly program. The Committee understands that this insistence has placed the implementation of the pilot program in jeopardy.

The pilot is designed to test fairly and fully whether annual grant awards can reduce administrative costs associated with the current system, without loss of accountability.

The Committee directs OMB to proceed forthwith—without regard to the allocation limitations inherent in the current quarterly award processes, but with the adequate alternative safeguards agreed to by Treasury, Health and Human Services, and the participating States—so that the value of the concept can be demonstrated.

TRANSCRIPT REVIEW

The Committee has deleted language included by the House which prohibits OMB from reviewing certain transcripts.

OMB REDUCTIONS IN DRUG ENFORCEMENT AND CRIME PROGRAMS

The Committee notes that, earlier this year, OMB proposed rescissions of funds appropriated for urgently needed law enforcement programs and programs authorized by the Anti-Drug Abuse Act of 1986, including $15,000,000 for the Bureau of Alcohol, Tobacco and Firearms and $38,900,000 for the Customs Service.

The Committee further notes that OMB proposed that the budgets of several antidrug and anticrime programs be reduced in fiscal year 1988 below the levels appropriated for fiscal year 1987. These programs enjoy the broadest possible support. The proposed rescissions and other budget cuts had no realistic chance of being approved.

In the interest of a more realistic approach to deficit reduction and budgetary realism, the Committee urges the Director of OMB to begin consultations with the Committee as soon as possible concerning the following: (*a*) Any plans to propose rescissions of funds appropriated for fiscal year 1988, for any anticrime or antidrug programs; and (*b*) any plans to propose reductions in fiscal year 1989 below levels appropriated in fiscal year 1988 that the Director may be considering as part of the budget proposal for fiscal year 1988 or 1989.

APPORTIONMENT OF USER FEE OVERTIME FUNDS

The Committee shares the concerns expressed by the House Committee in House Report 100–211, page 17, that the Office of Management and Budget has imposed apportionment controls on funds raised through user fees applied to individuals and businesses who utilize Customs Service personnel on an overtime basis. Although the Committee does not place total blame with the Office for the uncertainties surrounding the Customs user fees, and particularly the overtime provisions under current law, it agrees with the House that the Office should have no apportionment authority with regard to the user fees charged for overtime services, and that these fees should be available as required by the users who pay them. Therefore, the Committee has included language in title V of the bill that would preclude the use of funds appropriated in this bill to apportion Customs user fees that are utilized to pay for inspectional overtime services to the commercial business community that pays the user fees.

APPORTIONMENT OF EPA CONSTRUCTION GRANT PAYMENTS

It has come to the Committee's attention that there may be some delay in the apportionment of Federal payments to States to capitalize State revolving loan funds for wastewater facility construction pursuant to the recently enacted Water Quality Act of 1987 (Public Law 100–4). The Committee reiterates that payments for this purpose shall be in no less than equal installments and shall be made on a timely basis consistent with State intended use plans.

Office of Federal Procurement Policy

SALARIES AND EXPENSES

1987 appropriation to date	$1,620,000
1988 budget estimate	2,466,000
House allowance	2,466,000
Committee recommendation	2,300,000

The Committee recommends an appropriation of $2,300,000 for the Office of Federal Procurement Policy [OFPP]. The Committee recommendation is $166,000 below the budget estimate and the House allowance.

The Office of Federal Procurement Policy is responsible for promoting economy, efficiency, and effectiveness in the procurement of property and services by and for the executive branch.

The Office of Federal Procurement Policy funds the Federal Acquisition Institute to serve as the interagency focal point for promoting and coordinating Governmentwide planning, development, implementation, and evaluation of programs in procurement, research, education and training, and career development.

The Committee has approved approximately one-half of the requested increase over the enacted fiscal year 1987 level of funding provided to the office last year. The Committee notes that the office was

requesting a 52-percent increase in fiscal year 1988 over and above the enacted 1987 level, and a 28-percent increase in staffing for this small but important office. At a time of great fiscal austerity, the Committee believes that these increases are not justified despite the important work that the office does in helping to coordinate Federal procurement policy for the executive branch. Therefore, the Committee has provided an increase of $680,000 over current levels, rather than the $846,000 increase requested by the President.

The Committee also directs the Office to cut its fiscal 1988 travel request by 13 percent in accordance with the travel cut mandated by the Senate-passed budget resolution.

UNANTICIPATED NEEDS

1987 appropriation to date	$1,000,000
1988 budget estimate	1,000,000
House allowance	1,000,000
Committee recommendation	1,000,000

The Committee recommends an appropriation of $1,000,000 for unanticipated needs. The Committee recommendation is identical to the budget request and the House allowance.

In 1940, Congress recognized the need for the President of the United States to have limited funds available to meet unplanned and unbudgeted contingencies. In so doing, an account entitled "Emergency fund for the President" was created allowing the President, as the head of the National Government, to confront unforeseen problems demanding immediate executive action. In 1975, Congress changed the account title to "Unanticipated needs."

Expenditures from this account may be authorized only by the President while the Director of the Office of Management and Budget provides the necessary control to assure that only unforeseen priorities are financed. Prior use of these funds has occurred under tight budget control and covered unanticipated needs not met from regular budget accounts nor available in a timely fashion through the supplemental budget process.

In fiscal year 1986, an allocation was made to the "Special assistance to the President" account for the continued operation of the Vice President's task force on combating terrorism. The task force was established by President Reagan in an effort to review how the U.S. Government can better combat terrorism and ways in which the United States can work in cooperation with other governments in the fight against terrorism.

In fiscal year 1987, one allocation has been made to support the President's Special Review Board which was created to review the role and procedures of the National Security Council staff in the conduct of foreign and national security policy.

TITLE IV—INDEPENDENT AGENCIES

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

SALARIES AND EXPENSES

1987 appropriation to date	$1,483,000
1988 budget estimate	1,681,000
House allowance	1,881,000
Committee recommendation	1,865,000

The Committee recommends an appropriation of $1,865,000 for the Administrative Conference of the United States. The Committee recommendation is $184,000 over the budget estimate and $16,000 below the House allowance.

The Conference is authorized on a permanent basis to assist the President, the Congress, the administrative agencies, and executive agencies in improving administrative procedure. It is responsible for conducting studies of the efficiency, adequacy, and fairness of present procedures by which the Federal administrative agencies and executive departments determine the rights, privileges, and obligations of private persons. On the basis of such studies, the Conference issues formal recommendations for improvements and then encourages implementation of the recommendations through appropriate agency, congressional, or judicial action.

In addition to its research activities, the Conference also arranges for the interchange among administrative agencies of information useful in improving administrative procedures; collects, tabulates, analyzes, and publishes statistics from administrative agencies to identify and correct delays and other problems in the administrative process; and, on an ongoing basis, furnishes assistance and advice on matters of administrative procedure to the agencies, Congress, and others.

SPECIAL STUDIES

The Committee has recommended an additional appropriation of $200,000 within the aggregate appropriation for the Conference to allow the Administrative Conference of the United States to undertake a series of important new studies addressing the matters of immigration policies, rules, and procedures in the aftermath of enactment of the Immigration Reform and Control Act, as well as the issue of ways to improve the fairness and efficiency of the rules and procedures of financial services agencies. The Committee believes that the Conference has the requisite expertise to coordinate the conduct of these important studies, which will include: due process in immigration adjudication;

legalization and employer sanctions—the experience in other countries; preliminary study of the visa process; and five studies focusing on procedural and process questions arising in the various financial regulatory institutions.

The Committee expects the Conference to keep the Committee fully apprised of the progress of these important studies that will be initiated in fiscal year 1988.

The Committee has recommended a 13-percent, or $9,000, reduction in the Conference's fiscal 1988 travel and transportation request. This cut is in accordance with the travel reduction assumptions contained in the Senate-passed budget resolution for fiscal year 1988. The Committee has also proposed a small reduction of $7,000 in certain administrative and various overhead items built into the Conference's budget for next year. The Committee does not expect either of these reductions to have an adverse effect on the Conference's ongoing programs or activities or the completion of the studies mandated by the Committee in this report.

Advisory Commission on Intergovernmental Relations

Salaries and Expenses

1987 appropriation to date	$1,750,000
1988 budget estimate	1,390,000
House allowance	1,390,000
Committee recommendation	1,378,000

The Committee recommends an appropriation of $1,378,000 for the Advisory Commission on Intergovernmental Relations. The Committee recommendation is $12,000 below the budget estimate and the House allowance.

The Commission is an independent, bipartisan body which attempts to identify and analyze the causes of intergovernmental conflicts, and recommends ways of strengthening and improving the American Federal system. The Commission includes representatives of the executive, legislative, and administrative branches of all levels of government—Federal, State, and local—as well as representatives of the general public.

The Committee has recommended a 13-percent reduction below the President's request for travel and transportation next year. This cut is in accordance with the travel reduction assumptions built into the fiscal year 1988 congressional budget resolution passed by the Senate. The Committee believes that the Commission can and should be able to absorb this small reduction in travel and other low-priority overhead and administrative items in its fiscal year 1988 budget request.

Advisory Committee on Federal Pay

SALARIES AND EXPENSES

1987 appropriation to date	$203,000
1988 budget estimate	206,000
House allowance	
Committee recommendation	200,000

The Committee recommends an appropriation of $200,000 for the Advisory Committee on Federal Pay. The Committee recommendation is $6,000 below the budget estimate and $200,000 over the House allowance.

The Advisory Committee was appointed in accordance with the Federal Pay Comparability Act of 1970 and consists of three private citizens who are not Federal Government employees. The Advisory Committee assists the President in carrying out the policy of comparability in pay between major Federal statutory pay systems and private enterprise. The Advisory Committee reviews the annual report of the President's pay agent and considers the recommendations of representatives of Federal employees and other officials of the Federal Government. The Advisory Committee then prepares for the President an independent report with its findings and recommendations.

The Advisory Committee also meets jointly throughout the year with the Federal Employee's Pay Council and the President's pay agent in an attempt to resolve any issues between them, by providing advisory opinions on unresolved issues.

The Committee disagrees with the House that the funding for this small but important independent agency should be eliminated. The Committee believes that the Advisory Committee on Federal Pay provides an important, independent analysis of the Federal pay comparability matter and should be fully funded in fiscal year 1988.

The Committee believes that the Committee should absorb the reduction below the budget request in travel and other low-priority administrative and overhead items.

Committee for Purchase From the Blind and Other Severely Handicapped

SALARIES AND EXPENSES

1987 appropriation to date	$778,000
1988 budget estimate	825,000
House allowance	825,000
Committee recommendation	875,000

The Committee recommends $875,000 for the Committee for Purchase From the Blind and Other Severely Handicapped [CPBOSH]. The Committee recommendation is $50,000 over the budget estimate and the House allowance.

The Committee was established by the Javits-Wagner-O'Day Act of 1971.

The Committee's primary objective is to increase the employment opportunities for the blind and other severely handicapped and, whenever possible, to prepare them to engage in normal competitive employment. The Committee determines which commodities and services are suitable for Government procurement from qualified nonprofit agencies serving the blind and other severely handicapped; publishes a procurement list of such commodities and services; determines the fair market price for commodities and services on the procurement list; and makes rules and regulations necessary to carry out the purposes of the act.

The Committee staff supervises the selection and assignment of new commodities and services, assists in establishing prices, reviews and adjusts these prices, verifies the qualifications of workshops, and monitors their performance. It is estimated that workshop sales to the Federal Government under the Committee's program during fiscal 1986 were about $272,000,000, with an additional $16,000,000 in sales through the Military Resale Program, for a total of about $288,000,000 under this program. This represents an increase of $20,000,000 over the total workshop sales of $268,000,000 in fiscal 1985.

The Committee is currently authorized 12 positions. There has been no increase in the size of the staff since fiscal year 1979. During the past 9 years as the result of the expansion of the Committee's program and the increasing interest of workshops to participate in the Committee's program, the workload on the staff has doubled. The staff has been able to handle a large portion of that added workload through the automation of a number of functions, the streamlining of many of its operations, and other management improvements. However, even with those improvements, the additional workload has created a continuing backlog of actions as the less critical actions have had to be delayed or deferred. As the program continues to expand, that backlog is expected to grow.

With an additional $50,000, the Committee could hire an additional professional person who would work primarily in pricing and in expediting addition actions. The addition of this person would permit the Committee to overcome the current backlog in those areas. This would enable the Committee staff to increase the number of addition actions it processes thereby increasing the number of blind and other severely handicapped who could be provided meaningful employment in producing products and providing services for the Government under the Committee's program.

Therefore, the Committee has recommended an additional $50,000 to allow this small but important agency to hire one additional full-time position to address the matters outlined above.

FEDERAL ELECTION COMMISSION

SALARIES AND EXPENSES

1987 appropriation to date	$12,883,000
1988 budget estimate	14,174,000
House allowance	14,174,000
Committee recommendation	14,174,000

The Committee recommends an appropriation of $14,174,000 for the Federal Election Commission [FEC]. The Committee recommendation is identical to the budget request and the House allowance.

The Federal Election Commission is charged with implementing and enforcing the Federal Election Campaign Act [FECA] as amended. This includes: promoting public disclosure of campaign finance activity; providing information to the public, press, and campaign officials on the FECA and campaign finance; obtaining voluntary compliance with the disclosure and limitation provisions of the FECA; and enforcing that disclosure and compliance through audits, investigations, and/or litigation. The Commission is also charged with implementing the Presidential campaign funding programs for both primary and general election campaigns of qualified Presidential candidates. This includes certification, audit, and enforcement of the provisions of the Federal funding legislation concerning the use of Federal funds.

GENERAL SERVICES ADMINISTRATION

FEDERAL BUILDINGS FUND—LIMITATIONS ON AVAILABILITY OF REVENUE

COMMITTEE FUNDING LEVELS

The Committee has recommended an aggregate limitation on availability of revenue for the Federal Buildings Fund of $3,016,035,000. This amount is $81,501,000 above the budget request and $102,263,000 above the House-passed bill.

This limitation includes a direct appropriation of $83,483,000 to the Federal Building Fund to cover the cost of an important new program for capital improvements of United States-Mexico border facilities.

CONSTRUCTION AND ACQUISITION OF FACILITIES

1987 appropriation to date	($125,548,000)
1988 amended budget estimate	(155,650,000)
House allowance	(151,850,000)
Committee recommendation	(177,536,000)

The Committee recommends a limitation of $177,536,000 for construction and acquisition of facilities in fiscal year 1988. The Committee recommendation is $21,886,000 over the budget estimate, and $25,686,000 over the House allowance.

The construction and acquisition of facilities activity meets the space needs of Federal agencies by funding new construction, acquisition of excess properties from the U.S. Postal Service and other Government agencies, and the purchase of commercial buildings. It is the aim of the

General Services Administration [GSA] to increase the ratio of Government-owned to leased facilities as the most economical means of housing Government activities in most geographic locations.

In a continued effort to increase the ratio of Government-owned to leased square feet, of primary importance is the construction and purchase of buildings in areas where leased space is costly and large amounts of space are currently leased. In addition, new construction offers the only practical means to meet special purpose space needs. Since the beginning of fiscal year 1985, this activity funds only site acquisition and construction. Design and supervision costs will be funded in the design and construction services activity.

The following projects have been requested by the President in fiscal year 1988 to be funded in this account:

	Site	Construction	Total fiscal year 1988 request
NEW CONSTRUCTION			
Michigan: Detroit—Ambassador Bridge cargo inspection facility (Site)	$3,800,000	[1] ($8,971,000)	$3,800,000
New Jersey: Camden—U.S. Post Office-Courthouse Annex (Site)	300,000	[1] (15,200,000)	300,000
New York:			
Brooklyn—Celler Federal Building-Courthouse addition		[1] (23,000,000)	
New York—Foley Square Courthouse annex		[1] (50,800,000)	
Virgin Islands: St. Croix—Federal Building-Courthouse (Site)	550,000	[1] (7,026,000)	550,000
Subtotal, new construction	4,650,000	(104,997,000)	4,650,000
OTHER ACTIVITIES			
Small projects (Under $500,000)		1,000,000	1,000,000
Building purchase program	150,000,000		150,000,000
Subtotal, other activities	150,000,000	1,000,000	151,000,000
ALTERNATE FINANCING			
California: Oakland (Bay area)—Federal Building		[2] (135,000,000)	(135,000,000)
Total	154,650,000	1,000,000	155,650,000

[1] Funds to be requested in a future year.
[2] To be funded by alternate financing.

The Committee has approved the President's budget request for each of these items, with the following exceptions:

	President's request	Committee recommendation
Building purchase program	$150,000,000	$148,500,000
Site acquisition: Tucson, Federal Law Enforcement Building		1,500,000
Design:		
District of Columbia:		
Environmental Protection Agency Headquarters Building		14,000,000
International Cultural and Trade Center		3,700,000
Louisiana: Baton Rouge Federal Building/Courthouse		3,000,000
New Jersey: Camden: U.S. Post Office-Courthouse Annex		1,186,000

DESIGN FOR CONSTRUCTION OF FEDERAL BUILDING/COURTHOUSE IN THE MIDDLE DISTRICT IN LOUISIANA

The Committee recommends new obligational authority of $3,000,000 for the cost of site planning, architectural, and engineering design to construct a new 140,000 square foot Federal Building/Courthouse in Baton Rouge, LA.

The Committee is aware that the city of Baton Rouge is to contribute property valued at $2,500,000 for the construction of this facility. The Committee is also aware that the existing Federal Courthouse which was constructed in the early 1930's is fully occupied. This building provides housing for the U.S. attorney, U.S. Marshal, officials of the DEA, congressional offices, grand jury facilities, a central library, and the GSA building manager.

The bankruptcy judges and all bankruptcy facilities are now located in leased space several blocks away. The probation office is located several blocks away in a different direction. The U.S. attorney and other executive agencies have long since moved out of the courthouse, and the U.S. circuit judge in Baton Rouge occupies leased facilities because there is no space available in the existing courthouse.

The Committee has concluded that in the interest of efficiently operating the court and providing low-cost office space for the Federal Government, this building is critically needed.

The Committee expects the Administrator of GSA to submit a prospectus to the appropriate committees of Congress immediately to initiate the procedure for developing this important Federal courthouse/office building. The Committee also directs the Administrator to submit a budget request for the construction cost of the Baton Rouge project as part of the President's fiscal year 1989 budget. The Committee also expects to receive periodic written reports from the Administrator of GSA regarding the progress of this building in Baton Rouge, LA.

DEVELOPMENT OF PLANS FOR INTERNATIONAL TRADE AND CULTURAL CENTER, WASHINGTON, DC

The Committee has also recommended $3,700,000 for the development of plans and management of construction of the International Trade and Cultural Center at the Federal Triangle in Washington, DC. These funds shall be transferred by the Administrator of General Services to the Pennsylvania Avenue Development Corporation upon enactment of this act, so that this important project can go forward expeditiously in fiscal year 1988.

TUCSON, AZ, FEDERAL BUILDING (SITE ACQUISITION)

The Committee has recommended a provision in the bill to allow up to $1,500,000 for the purchase of a site in the central business district of Tucson, AZ, for the future location of a Federal law enforcement office complex. The Administrator of the General Services Administration shall coordinate the acquisition of such site with the appropriate Federal agency and judicial authorities in Tucson.

The Committee directs the Administrator of GSA to move expeditiously to acquire this site in Tucson and to develop plans for the eventual construction or lease/purchase of an appropriately sized Federal office building for Federal law enforcement agencies to occupy over the next 3 years as leases expire in existing office buildings throughout the Tucson metropolitan area. The Committee believes that the GSA should take advantage of the present opportunity to purchase a site in the central business district of the city of Tucson at a time when the economic climate for such acquisition is advantageous to the Federal Government.

As a result of the long-range planning study being made for the U.S. district courts in Arizona, it has become clear that as a result of the explosion in narcotics cases, the growth of the community, and the general increase of litigation that the courts and criminal justice agencies in Tucson will soon be out of space. It is further obvious that substantial additions of space are needed.

At the present time, the bankruptcy court is woefully short of space, the U.S. attorney's office is in need of additional space, and other criminal investigating agencies such as the FBI, Secret Service, and related agencies are going to need more space.

Currently, the court occupies a total of 82,039 square feet of space. By the year 1993 it will require 101,801 square feet, by 2003 we will need 145,037 square feet, and by 2013, 211,795 square feet. This does not include space needed for the criminal justice agencies, bankruptcy court, public defender, or U.S. attorney's office.

By securing a location next to the present courthouse annex, at a price not to exceed $1,500,000, the courts and criminal justice agencies can be assured of future space at reasonable costs. The location presently has buildings on it which can be used immediately for pretrial services, and possible expansion of the probation office, which must be moved out of this court to make way for new courtrooms. The Com-

mittee notes that the court has committed itself to seeking financing for a new building, using a combination of private enterprise, local government bonding authorities, and other innovative ways to assist in the construction of a building.

In light of the demonstrated needs of the criminal justice system, a new building will, in the long run, save the Government substantial sums of money and enable all elements of the system to meet the demands of the new drug war.

In summary, the purchase of this property will allow the court, in the next few years, to move pretrial services, probation offices, the bankruptcy court, the public defender, and the U.S. attorney's office to the new building. These moves alone will result in great savings in annual rental costs to the Government.

CAMDEN, NJ, FEDERAL BUILDING/COURTHOUSE ANNEX SITE AND DESIGN

The Committee has included a total of $1,486,000 in the bill for site and design work on the proposed Camden, NJ, Federal Building Courthouse Annex project. The administration requested $300,000 for site acquisition only in fiscal year 1988. However, the Committee notes that the prospectus for the design of this important project has been approved by the appropriate authorizing committee of the Senate, and that the General Services Administration [GSA] should be able to obligate these design funds effectively in fiscal year 1988. Therefore, the Committee has included funding for both site acquisition and design work for the Camden project.

OAKLAND, CA, FEDERAL BUILDING

The Committee has recommended the approval of the President's request to construct a Federal building in Oakland, CA, that will provide for approximately 800,000 occupiable square feet of space and 150 inside parking spaces. The Committee enthusiastically supports the proposed Federal building as conceived and planned by the President and the General Services Administration, including the proposed alternate financing method to be used to provide funding for the construction costs of this important, innovative Federal building project in the city of Oakland.

GSA has proposed to acquire the Oakland Federal Building using municipal funding by the city of Oakland, with a leaseback by the Federal Government and purchase for a nominal sum after 30 years. The cost will be developed using a municipal financing rate that is 1 percent over the 30-year Treasury bond rate. Taxable municipal bonds will be issued.

The alternate financing approach using municipal funding was chosen because the interest rate is favorable, the borrowings relate directly to asset purchase, and the financing focuses solely on the capital costs of the project. Yearly repayments under alternate financing will be less than the yearly costs for continued leasing of offices to house agencies in the bay area.

The site selected for the Oakland Federal Building consists of two parcels of land separated by a street. The land and the street that lies between them have been donated to the Federal Government by the city of Oakland. The site comprises two city blocks bounded by 12th Street, 14th Street, Jefferson, and Clay. Thirteenth Street will be closed. Considerable cost savings will be realized by using the federally owned land.

The construction schedule for this project is as follows: Design start: fourth quarter fiscal year 1986; design completion: first quarter fiscal year 1988; construction start: second quarter fiscal year 1988; and construction completion: second quarter fiscal year 1990.

The amount authorized in the appropriations language for this project, $141,700,000, includes construction funds of $135,000,000 and management/inspection funds of $6,700,000. Design was funded in fiscal year 1986 through the design and construction services activity in the amount of $8,133,000. Total project cost is $149,833,000.

SAN FRANCISCO, CA, FEDERAL BUILDING

The Committee has directed in the bill that the Administrator commence a competitive selection process to acquire, through lease-purchase financing, a building in San Francisco, located on a site to be donated by that city, beginning in fiscal year 1988. By the end of the lease period of up to 30 years, title to the building selected would vest in the United States.

Because of a temporary overstock of available space in San Francisco, and more than 700,000 square feet of Federal office space on which the leases expire within the next 2 years, there is now an opportunity to convert leased space in that city to more efficient Government-owned space. Maximum savings to the Federal Government will be achieved by the earliest possible procurement consistent with the rollover of existing leases. For these reasons, the Committee directs GSA to take action promptly. In directing this action, the Committee has endorsed the Administrator's view that building purchase and lease-purchase financing are appropriate means of reducing reliance on costly leased office space.

This Committee has advocated that GSA convert leased Federal office space to Government ownership as soon as possible in order to avert extraordinary increases in the cost of housing Federal agencies. Cost savings in San Francisco are particularly favorable. The appropriations required for continued leasing of the San Francisco office space with leases expiring during the 1987–89 period would be nearly double the cost of acquiring through lease-purchase an existing building there to house more efficiently the same number of employees.

GSA has indicated to the Congress that its space requirements for San Francisco range from 430,000 to as much as 600,000 square feet.

Therefore, the Committee has directed that a building of not less than 430,000 square feet, but not more than 550,000 office occupiable square feet, should be acquired in San Francisco, on land donated by the city.

The Committee, in approving the initiation of this project in San Francisco, directs the Administrator of GSA not to reduce the scope, plans, or size of the Federal office building in Oakland, CA, that has been fully funded in this bill, as requested by the administration. The clear intent of the Committee is to proceed with the Oakland Federal building as planned by the GSA and the city of Oakland, while augmenting—not in anyway supplanting—the full square footage requirements of the Oakland project. In short, the Administrator of GSA should proceed with the lease-purchase plan for San Francisco, independent of the plans, scope, and size requirements of the Oakland Federal building project funded in this bill.

If no building of the size specified is made available, the Committee is cognizant that the lease/purchase acquisition process may not be consumated by the end of fiscal year 1988. The Committee directs the Administrator of General Services to make every effort to complete this lease/purchase agreement by the end of the fiscal year. However, should the Administrator find that the agreement will not be completed within the confines of fiscal year 1988 because no building of the size specified is available, he is directed to notify the Committee in writing at least 30 days in advance of the end of the fiscal year, outlining the reasons for the delay and indicating his intention to complete the lease/purchase arrangement for the San Francisco building project. The Committee expects all parties to the agreement to work diligently to bring the San Francisco building project online as expeditiously as possible.

EPA/DOT LEASE TO OWNERSHIP PROJECTS

The Committee has recommended new obligational authority of $14,000,000 for the design of a new headquarters building for the Environmental Protection Agency [EPA] and has left open the particular financing alternative to be selected for the implementation of this important project. The appropriation for the design of this project is provided as a line item in this appropriation account.

The House has included language in the bill to provide the Administrator with explicit authority, after appropriate authorization has taken place, to negotiate long-term lease to ownership contracts to acquire space for the Environmental Protection Agency and the Department of Transportation.

Certain headquarters functions of the Department of Transportation and Environmental Protection Agency are housed in leased space. These leases are scheduled to expire over the next several years. In light of the long-term, stable nature of these housing requirements, the Committee concurs with the House that it is in the best interest of the Federal Government and the taxpayer to acquire owned facilities for these agencies rather than to lease space in the open market to meet their needs.

However, the Committee has provided $14,000,000 for design of a new 1,400,000 occupiable square foot headquarters building for the En-

vironmental Protection Agency and postponed, without prejudice, consideration of a new headquarters building for the Department of Transportation. By providing design funding for the EPA headquarters project in fiscal year 1988, the Committee is reserving judgment on the proper financing approach to be taken by the Administrator of General Services to implement this important project. On the one hand, the Committee acknowledges the benefits to be derived and the short-term cost savings to be realized by utilizing the lease-purchase approach to building a new EPA facility. The Committee notes that it has approved a lease-purchase arrangement for the new Oakland, CA, Federal Building. At the same time, in many cases, it is more cost-effective to build a new headquarters building for an agency, particularly if the objective is to house a large, self-contained Federal agency in one location essentially on a permanent basis and to establish the highest level of Federal standards for the building. However, in this particular instance, the Committee believes that further review could reveal that new construction of an EPA headquarters building would be the most cost-effective approach to be taken by GSA and the agency. Therefore, rather than legislate the lease-purchase option recommended by the House in its version of the bill, the Committee has recommended $14,000,000 for design of a new EPA headquarters building and has left open the option of either a lease-purchase or new construction option for the EPA project.

The Committee expects the Administrator of General Services to move promptly to initiate design of a new EPA headquarters building and to arrive at a conclusion regarding the final financing alternative as expeditiously as possible. The Committee also expects to receive quarterly written reports on the progress of the EPA project during fiscal year 1988.

With regard to the Department of Transportation headquarters building, the Committee directs the Administrator of General Services to immediately, upon enactment of this bill, undertake an accelerated, detailed comprehensive assessment of the options available to establish a 1.9-million-square-foot headquarters facility for the Department of Transportation, either in its current location or at another site in Washington, DC. The Administrator should explore all options including resigning a lease at the current DOT building in Washington, DC; construction of a new headquarters building; or the lease-purchase of a headquarters facility for the Department. These studies and analyses should be completed in time to allow for a formal recommendation to the Committee in conjunction with the President's fiscal year 1989 budget plans and in time to allow the Committee to act on the GSA recommendations in the context of the fiscal year 1989 Treasury, Postal Service, and General Government appropriations bill.

COLUMBUS, NM, BORDER STATION

Full funding was provided to the GSA in fiscal year 1987 for construction of a new border facility at Columbus, NM. GSA's current schedule for this project indicates a design completion date of October 1, 1987; a construction start date of January 1, 1988; and a construction completion date of January 8, 1989.

The Committee expects to be kept fully informed as to the progress being made on this important project, and directs the GSA to expedite its work to prevent any slippage in the current schedule for construction of this new border station. Given the poor condition and other inadequacies of the existing facility, it is imperative that the new Columbus, NM, border station be ready for occupancy no later than early January 1989.

DES MOINES, IA, CONSTRUCTION PROJECT

The Committee notes that the city of Des Moines has established an extensive skywalks system enabling people to go between 40 buildings in downtown Des Moines at a cost equally divided between the city and the owners of the buildings involved with each paying for the cost on their property. The skywalks system has greatly enhanced the economic viability of downtown Des Moines as well as being of great convenience to those that use it.

The Committee directs that the General Services Administration fully cooperate with the city of Des Moines in extending the skywalks system to the Federal Building at Second and Walnut and from it to other appropriate buildings to the extent possible within available funds within the Federal Buildings Fund, not otherwise committed to other projects in this bill, under the same standard terms used by all other property owners involved in the system.

The Committee directs that the Administrator of the General Services Administration report to the Committee on a quarterly basis with regard to the progress of this important project.

REPAIRS AND ALTERATIONS

1987 appropriation to date	($270,222,000)
1988 amended budget estimate	(443,945,000)
House allowance	(426,983,000)
Committee recommendation	(443,945,000)

(BY DIRECT APPROPRIATION TO REPAIRS AND ALTERATIONS)

1987 appropriation to date	
1988 amended budget estimate	
House allowance	
Committee recommendation	$83,483,000

The Committee recommends new obligational authority of $527,428,000 for repairs and alterations in fiscal year 1988, of which $83,483,000 shall be derived from a new direct appropriation to the Federal Buildings Fund. The Committee recommendation is $83,483,000 over the budget estimate and $100,445,000 above the House allowance.

Under this activity, the General Services Administration [GSA] executes its responsibility for repairs and alterations [R&A] of both Government-owned and leased facilities under the control of GSA. The major goal of this activity is to provide commercially equivalent space to tenant agencies. Safety, quality, and operating efficiency of facilities are given primary consideration in carrying out this responsibility. A major portion of the fiscal year 1988 program is devoted to nondiscretionary work necessary to meet this goal and keep the buildings in an occupiable condition.

R&A workload requirements originate with scheduled onsite inspections of buildings by qualified regional engineers and buildings managers. The work identified through these inspections is programmed in order of priority into the repairs and alterations construction automated tracking system [RACATS] and incorporated into a 5-year plan for accomplishment, based upon funding availability, urgency, and the volume of R&A work that GSA has the capability to execute annually.

The R&A Program, for purposes of funds control, is divided into two types of projects: line item and nonline item. The following is a definition of each category of projects.

Categories of projects

Line item projects.—Line item projects are those larger projects for which a prospectus is required under the provisions of the Public Buildings Act of 1959 and for which over $500,000 is to be obligated at a single location within a fiscal year. Generally, line item projects are similar to construction projects in the scope of work involved and the multiyear timeframe for project completion. Line item projects are listed individually in GSA's appropriations acts and the obligational authority for each project is limited to the amount shown therein.

Nonline item projects.—This category includes all smaller projects for which an amount less than $500,000 is to be obligated at a single location within a fiscal year. Projects included in this category are generally short term in nature, and funds can normally be obligated within a 1-year period. This category also includes projects which are recurring in nature, such as cyclic painting and pointing, and the minor repair of defective building systems (for example, mechanical, plumbing, electrical, fire safety, and elevator system components).

The Committee has considered and approved the following list of repair and alteration projects as proposed in the President's fiscal year 1988 budget request:

77-210 O - 87 - 4

REPAIRS AND ALTERATIONS
SUMMARY OF THE FY 1988 REQUEST BY PROJECT
(dollars in thousands)

		HEALTH AND SAFETY WORK								
		BASIC REPAIRS	ASBESTOS ABATEMENT	PCB ABATEMENT	OTHER	TOTAL	VACANT SPACE RECAPTURE	U.S. COURTS	SPECIAL PROGRAMS	HISTORIC PRESER-VATION	TOTAL PROJECT
	NON-LINE ITEM PROGRAM	118,371	3,182	1,339	23,942	28,463	14,566	6,027	0	0	167,427
	LINE ITEM PROJECTS:										
1.	Washington, DC Forrestal	0	0	2,578	0	2,578	0	0	0	0	2,578
2.	Washington, DC GSA/ROB	0	0	1,036	0	1,036	0	0	0	0	1,036
3.	Washington, DC Agric. Admin.	0	0	530	0	530	0	0	0	0	530
4.	Washington, DC Agric. South	0	0	3,360	0	3,360	0	0	0	0	3,360
5.	Washington, DC CT	0	0	1,887	0	1,887	0	0	0	0	1,887
6.	Washington, DC Perkins FB	0	0	1,644	0	1,644	0	0	0	0	1,644
7.	Washington, DC GSA/HQ	0	0	929	0	929	0	0	0	0	929
8.	Washington, DC Interior	0	0	1,858	0	1,858	0	0	0	0	1,858
9.	Washington, DC Hoover FB	0	0	1,627	0	1,627	0	0	0	0	1,627
10.	Washington, DC New PO	0	0	1,006	0	1,006	0	0	0	0	1,006
11.	Washington, DC VA	0	0	1,355	0	1,355	0	0	0	0	1,355
12.	San Francisco, CA FB/CT (PH 2)	4,292	11,880	0	0	11,880	790	0	0	0	16,962
13.	Washington, DC CHP	14,142	0	1,358	0	1,358	0	0	0	0	15,500
14.	Wash., DC Elevator Replacement	26,700	0	0	0	0	0	0	0	0	26,700
15.	Arlington, VA FB #2	3,957	123	0	0	123	0	0	0	0	4,080
16.	Washington, DC WHP	9,201	0	0	0	0	0	0	0	0	9,201
17.	Brooklyn, NY FB #2	6,853	0	0	3,572	3,572	1,047	0	0	0	11,472
18.	Trenton, NJ PO/CT	1,113	0	0	828	828	882	0	0	0	2,823
19.	St. Louis, MO Mart FB, (PH 2)	2,500	0	0	3,000	3,000	23,464	0	0	0	28,964
20.	Baltimore, MD Appraisers St	0	0	0	0	0	2,668	0	0	0	2,668
21.	Pittsburgh, PA PO/CT	5,682	0	0	2,026	2,026	8,864	0	0	0	16,572
22.	St. Louis, MO FC 104	6,309	0	0	532	532	2,142	0	0	0	8,983
23.	West Palm Beach, FL PO	0	0	0	0	0	2,900	0	0	0	2,900
24.	San Antonio, TX PO/CT	4,644	0	0	387	387	3,123	0	0	0	8,154
25.	New York, NY FB 201 Varick	9,359	0	0	1,037	1,037	4,079	0	0	0	14,475
26.	Atlanta, GA Fed Annex	0	0	0	0	0	2,400	0	0	0	2,400
27.	Birmingham, AL FB/CT	2,194	0	0	502	502	1,203	0	0	0	3,899
28.	New Orleans, LA Hebert FB	10,523	0	0	2,002	2,002	0	0	0	0	12,525
29.	Los Angeles, CA FB-300 N LA	0	525	0	2,292	2,817	0	7,605	0	0	10,422
30.	Des Moines, IA FB	0	0	0	1,300	1,300	0	0	0	0	1,300
31.	Miami, FL FB	2,158	6,297	0	1,235	7,532	1,791	0	0	0	11,481
32.	Raleigh, NC FB PO CT	3,223	5,358	0	1,059	6,417	0	0	0	0	9,640
33.	Bethesda, MD FB	0	0	0	700	700	0	0	0	0	700
34.	East Point, GA FARC	264	0	0	838	838	0	0	0	0	1,102
35.	Arlington, VA Pentagon (PH 2)	6,100	0	0	1,200	1,200	780	0	0	0	8,080
36.	New York, NY Foley Square	0	0	0	0	0	0	4,655	0	0	4,655
37.	Boston, MA McCormack PO CT	0	0	0	0	0	0	2,200	0	0	2,200
38.	Chicago, IL Dirksen FB/CT	0	0	0	0	0	0	7,334	0	0	7,334
39.	East St. Louis, IL PO/CT	3,762	0	0	0	0	0	0	0	0	3,762
40.	Philadelphia, PA Byrne CT	0	0	0	0	0	0	6,875	0	0	6,875
41.	Fresno, CA Silak FB/CT	0	0	0	0	0	0	2,879	0	0	2,879
	LINE ITEM SUBTOTAL	122,976	24,183	19,168	22,510	65,861	56,133	31,548	0	0	276,518
	R&A PROGRAM TOTAL	241,347	27,365	20,507	46,452	94,324	70,699	37,575	0	0	443,945

CAPITAL IMPROVEMENTS OF UNITED STATES-MEXICO BORDER FACILITIES

At the request of the Committee earlier in the year, the General Services Administration [GSA] and the United States Customs Service reviewed the border station facilities on the United States-Mexico border to assess what improvements could be made to enhance those facilities through a program of replacement, repair, renovation, or retrofit beginning in fiscal year 1988. The Customs Service sent teams of experts to inspect facilities from Texas to California and both agencies have identified for the Committee those facilities which are of the highest priority for repair, replacement, or reconfiguration. Also at the request of the Committee officials of the Immigration and Naturalization Service, the Department of State's Office of Mexican Affairs, and the Department of Agriculture were asked to coordinate a prioritization of the border facilities most in need of repair, should funds be available to proceed with such projects in fiscal year 1988.

The Committee has reviewed the informal reports and estimates on border facilities improvements and has recommended a direct appropriation of $83,483,000 to the Federal Buildings Fund to commence a major capital improvement initiative at border locations in Texas, New Mexico, Arizona, and California.

The proposed capital improvement of United States-Mexico border facilities was discussed with members of the Southwest border region business community during Committee hearings in Arizona and New Mexico in August 1987. The consensus of the witnesses was that this program was desperately needed and long overdue. However, there was concern expressed that the border business community be involved with GSA, the Customs Service, and the other Federal agencies in configuring the capital improvements at the ports of entry outlined in this report. The Committee concurs and directs the General Services Administration, as the agent for the Federal border agencies in developing these border facility projects, to establish a close working relationship with appropriate members of the border business community and actively seek input on the design, configuration, construction, and coordination of the capital improvement projects funded in this bill. The Committee expects the Administrator of General Services to personally assure that working groups consisting of the Federal border agencies, the private sector border trade community, and State and local government officials, including officials of the Mexican Government and trade community, are established to help carry out this mandate during the design and construction of these projects.

The following high priority projects shall be initiated in fiscal year 1988.

PROPOSED CAPITAL IMPROVEMENTS

Priority work

Nogales, AZ, projects	3,292,000
There are three facilities in the area: Morley Gate: Pedestrian crossing. Replace existing building. Grand Avenue: Replace existing station and add additional inspection lanes. Additional repair and alteration work at all five buildings. Maripose: Install refrigerated room in dock building to offload produce and additional inbound commercial lanes to access import lot.	
Calexico, CA, projects	14,275,000
New border crossing east of current station to handle commercial traffic. Current port of entry: Extensive safety modifications; new dock/office and additional lanes. Repairs and alterations to modernize the existing facility.	
El Paso, TX, projects	9,064,000
There are three crossings into the United States and one crossing into Mexico (southbound only): Ysleta, Zaragosa: (GSA has congressional authorization and funding ($7,756,800; fiscal year 1985) for a new border station.) Twelve to eighteen additional acres of land, 2 more primary and 10 more secondary lanes, expand truck dock from 25 to 90 vehicle capacity, security features. Short-term work in existing INS facility required. Paso del Norte/Santa Fe Bridge: New facilities, including additional inspection lanes; and short-term security work. Bridge of the Americas: New facilities, including expansion of primary lanes and a renovation of the import lot and docks.	
Laredo, TX:	
Leased space in railroad building. Replace building. Construction cost	118,000
Convent Street Bridge: Replace facility	9,000,000
Juarez-Lincoln Bridge:	
Upgrade facility	1,167,000
Short-term security work and U-turn lane	313,000
Total, Laredo, TX, projects	10,598,000
Hidalgo, TX: (McAllen border station; this is a leased facility built in 1982 to accommodate the traffic to be generated by the new four-lane bridge, now under construction.) Extensive modifications for safety and efficiency.	2,227,000
Brownsville, TX: There are three facilities in the area.	
Gateway Bridge: (GSA-owned.)	
Short-term security work; diversion of southbound traffic to expand the inspection facilities; and repair of bridge and expansion of import dock	2,497,000
B&M Bridge: Construct a replacement border station	3,000,000
Los Indios Port of Entry or Port of Brownsville Bridge projects	5,100,000
Total, Hidalgo and Brownsville, TX, projects	12,824,000
San Ysidro/Otay Mesa, CA: There are three facilities—Otay Mesa, San Ysidro, and Virginia Street (in San Ysidro).	
New facility in San Ysidro; firearms range to meet both INS and Customs needs	350,000
Virginia Street: Security work and general upgrade	75,000
San Ysidro:	
Extensive safety work	1,601,000
GSA has identified repairs and alterations to be done at the facility	612,000

PROPOSED CAPITAL IMPROVEMENTS—Continued

Priority work—Continued

San Ysidro/Otay Mesa, CA: There are three facilities—Otay Mesa, San Ysidro, and Virginia Street (in San Ysidro)—Continued	
Otay Mesa:	
Reconfigure inspection lanes	$310,000
Short-term signage and security work	517,000
Improve commercial lot: Extend dock, construct booths, and add bulk handling capability	3,515,000
Total, San Ysidro/Otay Mesa, CA, projects	6,980,000
Los Ebanos, TX: New station required	4,000,000
Santa Teresa, NM: New border station needed including access roads	5,100,000
Total, all prioritized projects	66,133,000

Other approved projects

Douglas, AZ: Repairs, alterations, and security improvements	228,000
Lukeville, AZ: Repairs and alterations, including bullet-resistant glass and TV monitors	148,000
Naco, AZ: Repairs and alterations work, including bullet-resistant glass and TV monitors	65,000
San Luis, AZ: Repairs and alterations work, including bullet-resistant glass	79,000
Andrade, CA: Repairs and alterations work, including bullet-resistant glass	143,000
Tecate, CA: Repairs and alterations work, including bullet-resistant glass	338,000
Antelope Wells, NM: (INS-owned.) (Customs-operated.) Upgrade facility and repair	14,000
Columbus, NM: (GSA is constructing a new border station.) Install bullet-resistant glass and TV monitors	100,000
Del Rio, TX:	
Expand the primary and secondary inspection area and improve access to the commercial lot	1,045,000
Short-term security work	250,000
Raze the existing buildings and reconstruct further north, thereby providing more land area	13,000,000
Eagle Pass, TX: Repairs and alterations work, including bullet-resistant glass and TV monitors	480,000
Fabens, TX: (INS-owned facility.) Install bullet-resistant glass and TV monitors	100,000
Falcon Dam, TX: (Customs-owned facility.) Repairs and alterations at the facility	400,000
Fort Hancock, TX: (INS-owned facility.) Install bullet-resistant glass and TV monitors	100,000
Marathon, TX: (80 miles north of the border.) Purchase of a Morgan-type building and establish a border station to examine imported fluorspare	50,000
Presidio, TX: GSA has constructed, through a lessor, a new border station at the new bridge. Install bullet-resistant glass and TV monitors	100,000
Progreso, TX: Install bullet-resistant glass and TV monitors	100,000
Rio Grande City, TX: Certain improvements to be made by lessor	510,000
Roma, TX: (GSA is constructing, through a lessor, a new border station.) Install bullet-resistant glass and TV monitors	100,000
Total, all other approved projects	17,350,000
Grand total, Capital Improvement Program, fiscal year 1988	83,483,000

The Committee expects to receive semiannual written reports from the GSA during fiscal year 1988 regarding the status of these funded border facility improvement projects.

The Committee is cognizant of the fact that other priority projects for the Southwest border may evolve during the course of GSA's planning for the implementation of this first phase of Southwest border capital improvements. Should GSA, in concert with Customs, INS, Agriculture, and the Department of State, find that the scope or focus of the prioritized capital improvement projects change, the Committee is to be immediately notified in writing. A full and complete discussion of any such change in the project list outlined above shall take place before any alteration of the Committee project list is undertaken. The Committee also expects to be consulted prior to any alteration of the list of other approved projects contained in the capital improvement program funded in the bill.

The Customs Service has also indicated a need for replacement border facilities at Naco, AZ; Sasabe, AZ; and Fabens, TX. No funds have been provided for these facilities in fiscal year 1988; however, the Committee directs the Administrator of GSA to begin plans for these capital improvements from within available funds in fiscal year 1988 and to submit a budget request for these projects as part of the fiscal year 1989 budget.

PURCHASE CONTRACT PAYMENTS

1987 appropriation to date	($131,442,000)
1988 amended budget estimate	(133,105,000)
House allowance	(133,105,000)
Committee recommendation	(133,105,000)

The Committee recommends a limitation of $133,105,000 for purchase contract payments. The Committee recommendation is identical to the budget estimate and the House allowance.

The Public Buildings Amendments of 1972 enabled GSA to enter into contractual arrangements for the construction of a backlog of approved but unfunded projects. The purchase contracts require the Government to make periodic payments on these facilities over varying periods until title is transferred to the Government. This activity provides for the payment of principal, interest, taxes, and other required obligations related to facilities acquired pursuant to the Public Buildings Amendments of 1972 (40 U.S.C. 602a).

The level of funding provided by the Committee will be obligated by GSA for:

(1) payment of principal, interest, and taxes ($9,988,000) on 19 package system purchase contracts authorized by the Public Buildings Amendments of 1972;

(2) payment of principal and interest ($105,371,000) on seven public buildings purchase contract and trust indentures authorized by the Public Buildings Amendments of 1972 (dual system);

(3) payment of trustee fees and other administrative expenses ($125,000) related to seven public building purchase contract trust indentures authorized by the Public Buildings Amendments of 1972 (dual system); and

(4) payment of taxes ($17,621,000) on 26 purchase contract projects authorized by the Public Buildings Amendments of 1972 (dual system).

RENTAL OF SPACE

1987 appropriation to date	($1,046,900,000)
1988 amended budget estimate	(1,193,400,000)
House allowance	(1,193,400,000)
Committee recommendation	(1,169,532,000)

The Committee recommends a limitation of $1,169,532,000 for rental of space. The Committee recommendation is $23,868,000 below the budget estimate and the House allowance.

The General Services Administration is responsible for leasing general purpose space and land incident thereto for Federal agencies, except for cases where GSA has delegated its leasing authority (for example, the Veterans Administration, the Departments of Agriculture, Commerce, and Defense). GSA's policy is to lease privately owned buildings and land only when: (1) Federal space needs cannot be otherwise accommodated satisfactorily in existing Government-owned or leased space; (2) leasing proves to be more efficient than the construction or alteration of a Federal building; (3) construction or alteration is not warranted because requirements in the community are insufficient or are indefinite in scope or duration; or (4) completion of a new Federal building within a reasonable time cannot be assured.

Over the past 11 years (fiscal year 1975 through fiscal year 1986), the inventory of GSA-controlled leased space has remained relatively constant while the cost of that space has nearly tripled. The expiration of long-term (10- or 20-year) leases that were made at favorable rates during the 1960's and early 1970's began to have a significant impact in fiscal year 1986, when rental of space cost increases showed a sharp upward turn. This trend is expected to continue through fiscal year 1988 and the outyears. The Committee notes that GSA projects that, unless significant reductions are made to the leased space inventory, the rental of space budget will reach $2,000,000,000 by the mid-to-late 1990's.

The Committee further notes that GSA has made the reduction of leased space costs one of its primary objectives, and has implemented several broad initiatives to support the achievement of this objective, including the following: Replacement of leased space with Government-owned space in those geographic locations where the economics justify such action. (Programs include: Building purchase; recapture of vacant Government-owned space through renovation; agency consolidation; and new construction.)

The Committee is informed that, historically, a 2-percent balance has been available at the end of each fiscal year in this account and available for reprogramming purposes. Therefore, in light of the rigid budget restraints being imposed on all agencies in fiscal year 1988 and the need to reduce outlays within the Federal Buildings Fund, the Committee has recommended a 2-percent, or $23,868,000, reduction in this account for fiscal year 1988. Should rental of space requirements exceed historical levels at yearend, the Committee would entertain a request for

reprogramming from other sources, but only to meet emergency or mandatory rental of space requirements.

GSA ACTIONS TO RELOCATE FEDERAL AGENCIES

The Committee continues to support the efforts of the General Services Administration, after consideration of an agency's operational needs, to reduce long-term office space leasing and ownership costs by relocating agencies to lower cost, yet quality, suburban locations. The Committee is also supportive of the directives of the Office of Management and Budget [OMB] and GSA urging such relocations. The Committee directs the GSA to utilize funds provided for real property relocation to increase the effort to take advantage of such low-cost quality leased and owned space.

CONTRACTING OUT OF CERTAIN MAINTENANCE PERSONNEL IN SOUTH CAROLINA

The Committee continues to be concerned that the General Services Administration is planning to contract out certain utility systems repair positions at various Federal buildings in South Carolina, as part of a plan by the General Services Administration to contract out the total management, operations and maintenance of Federal buildings in South Carolina. The Committee is concerned that this is being done without cost comparisons of public versus private costs and directs GSA not to proceed with such plans until they are specifically cleared with the Committee.

BUREAU OF MINES RELOCATION

The Committee notes that the General Services Administration is seeking space for the Bureau of Mines which must be relocated from the Columbia Plaza Building in downtown Washington, DC, for safety reasons. It is the Committee's understanding that the Bureau opposes relocation from the city to possible sites in the surrounding suburbs, even though it is clear that GSA has identified sites which are cost effective, quality alternatives to the Bureau.

The Committee, the GSA, and the Office of Management and Budget are all in agreement that if a quality, low-cost option which takes into consideration the operational needs of the agency exists for an agency that does not have an urgent requirement to be located in the central city, such option should be pursued, since it is in the best interests of the Government and the taxpayer. GSA is directed to continue its efforts to find a quality, cost-efficient priced building for the Bureau, and specifically urges GSA to continue examining the options available in the Washington suburban region. The Committee has included language in the bill that directs GSA to acquire space for the Bureau at the lowest quality solicitation for offer price option in the suburban Washington metropolitan region.

RELOCATION OF BUREAU OF INDIAN AFFAIRS IN ANCHORAGE, AK

The Committee directs the General Services Administration not to move the Bureau of Indian Affairs from its office space in the Koloa Building in Anchorage, AK, to the Old Federal Building until a report is provided by the General Services Administration to the Committee on Appropriations which details how the space available will meet the expanded requirements of the Bureau of Indian Affairs upon implementation of the reorganization plan.

REAL PROPERTY OPERATIONS

1987 appropriation to date	($758,284,000)
1988 amended budget estimate	(845,384,000)
House allowance	(845,384,000)
Committee recommendation	(845,384,000)

The Committee recommends a limitation of $845,384,000 for real property operations. The Committee recommendation is identical to the budget estimate and the House allowance.

This activity provides for the operation of all Government-owned facilities under the jurisdiction of GSA, and building services in GSA leased space where the terms of the lease do not require the lessor to furnish such services.

Services included in building operations are cleaning, protection, maintenance, payments for utilities and fuel, grounds maintenance, and elevator operations. Other related supporting services include various real property management and staff support activities such as space acquisition and assignment; the moving of Federal agencies as a result of space alterations in order to provide better space utilization in existing buildings; on-site inspection of building services and operations accomplished by private contractors; and various highly specialized contract administration support functions. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for payment of rent. Due to considerations unique to their operation, GSA also provides varying levels of above-standard services in agency headquarter facilities, including those occupied by the Executive Office of the President, such as the east and west wings of the White House.

FEDERAL PROTECTIVE SERVICE

The Committee is fully cognizant of the vital role that the Federal Protective Service has in providing consistent, effective and efficient protection of Federal employees, visitors to public buildings and Federal property. With increasing frequency, crimes are being committed or threats of crimes are being made against persons on public property or against Federal property itself, and it is the duty of the uniformed force of law enforcement officers known as the Federal Protective Service, to perform the police functions with respect to such people and property. This is a core function assigned to the Administrator of GSA. Therefore, the Committee directs the Administrator to:

(1) Submit a plan to both Houses of Congress no later than April 30, 1988, which addresses the issues of the recruitment, retention, promotion, training and compensation of members of the Federal Protective Service together with specific administrative and legislative proposals to ensure the FPO positions are comparable to other Federal law enforcement positions.

(2) No later than April 30, 1988, enter into a contract with the training facility at Glynco, GA, to provide for the same type of training for incumbent and new FPO's as is provided for other Federal law enforcement officers.

In addition, the Administrator shall not implement any plan which would substantially change the utilization of the Federal Protective Service for the performance of functions relating to the protection of Federal property and persons located thereon or which would result in reducing the number of full-time equivalent FPO positions authorized on January 1, 1986. Every effort shall be made to fill existing vacancies and the Administrator is expressly authorized to hire such additional FPO's as are necessary to fully perform the functions of protecting people and property without regard to any personnel ceilings which are or might be imposed by any agency.

While the Committee recognizes it may not be possible to fill all vacancies within the next fiscal year as well as it recognizes the trend toward the use of private security firms, it believes that protection is not a transient function but a core function which must be performed under the direct supervision of the Administrator. For this reason, no funds shall be expended, obligated or made available for the procurement of personal services by contract for the performance of functions normally undertaken by FPO's unless it is for a contract to augment the full complement of FPO's rather than to replace them.

PROGRAM DIRECTION

1987 appropriation to date	($57,315,000)
1988 budget estimate	(48,014,000)
House allowance	(48,014,000)
Committee recommendation	(48,014,000)

The Committee recommends the budget request of $48,014,000 for program direction. This amount is identical to the budget request and the House-passed bill.

The program direction activity provides for the overall general management and administration of programs which are the responsibility of the General Services Administration's Public Buildings Service [PBS] at both the central office and regional levels, including planning, development of policy, and program evaluation and control. It further provides for the costs of essential supporting services for those activities which are funded on a centralized basis, such as nationwide automated data processing services and other common distributable items.

The fiscal year 1988 program level for this activity finances personnel-related costs of 419 FTE work-years associated with management, administration, and supervision of PBS programs. Program direction fi-

nances personnel and other related support pertaining to (1) general management of all activities under the overall direction function; (2) associated costs for Department of Labor payment for accident compensation, unemployment compensation, personnel benefits, other essential supporting services and common distributable items encompassed under the centralized services function; and (3) automated data processing [ADP] services which provide general support to PBS management, including portions of the nationwide automated data processing system STRIDE (systematically tiered regional information data environment).

DESIGN AND CONSTRUCTION SERVICES

1987 appropriation to date	($63,807,000)
1988 amended budget estimate	(115,036,000)
House allowance	(115,036,000)
Committee recommendation	(115,036,000)

The Committee recommends $115,036,000 for the design and construction activity. The Committee recommendation is identical to the budget estimate and the House allowance.

The design and construction services activity provides for the design, management, and inspection [M&I] of new construction and repairs and alterations projects, and nonproject-specific technical services. This includes the full range of design and construction services required by the Public Buildings Service [PBS] incident to projects approved under the Public Buildings Act of 1959, as amended, and all related costs such as travel, printing, advertising, and defense of claims against the Government.

The three major functions within the design and construction services activity are:

Design.—A combined narrative and graphic solution to a physical need to renovate or restore an existing facility, or construct a new facility. The design process includes the development of detailed plans, specifications and working drawings which are ultimately marketed for construction award to a responsible contractor; evaluation of soil conditions; and other required surveys and tests.

Management and inspection.—The physical examination of the quantity and quality of materials and workmanship put in place at a construction site to ensure conformance to the requirements of the contract. This function includes project review to ensure adherence to required procurement regulations; safety program enforcement; determination of contract modification needs; development of cost and time estimates; and the evaluation of construction progress to determine contractor payments.

Technical services.—Include planning and administration of the PBS Capital Improvements Program; inspections, surveys, and other activities designed to identify and document potential fire and life safety hazards; building evaluations; scope development; and development of handbooks and other types of program guidance.

The following costs are not financed by this activity: costs for the acquisition of sites and construction of new construction projects which

are financed from the construction and acquisition of facilities activity; and costs for the construction phase of repairs and alterations projects which are financed from the repairs and alterations activity. Reimbursable services provided to other agencies for transfer construction projects and reimbursable work authorizations are reflected in the design and construction activity of the Reimbursable Program.

FEDERAL SUPPLY SERVICE, OPERATING EXPENSES

1987 appropriation to date	$162,555,000
1988 budget estimate	176,749,000
House allowance	176,749,000
Committee recommendation	

The Committee recommends no appropriation for the operating expenses of the Federal Supply Service in fiscal year 1988. The House allowance and the budget request are identical.

LEGISLATIVE INITIATIVE: INDUSTRIAL FUNDING

The Committee notes that the President's fiscal year 1988 budget calls for the later transmittal of proposed legislation that would authorize full cost recovery for all management, operation, and overhead expenses of the Federal Supply Service to be financed in the prices charged for goods and services provided to other agencies. Under the proposed legislation, the costs of all activities other than transportation audit functions would be financed through the General Supply Fund and recovered through surcharges on goods and services and from the proceeds of property management sales. For noncontract transportation audit activities, legislation would be proposed to expand the activities currently authorized under the "Expenses of transportation audit contracts and contract administration" account to include these in-house activities. Under this proposal, the Federal Supply Service, operating expenses appropriation would be eliminated. Full cost recovery pricing would result in the true cost of supplies and services being represented as part of individual agency budgets and provide a more accurate total cost of individual agency programs.

Enactment of the President's specific legislative proposal would, according to the President's budget plan, result in savings of $176,749,000 in new budget authority in the Federal Supply Service, "Operating expenses" account in fiscal year 1988. This reduction was assumed in the budget resolution and the savings were crosswalked to the Committee on Appropriations.

The Committee has included language in the bill to implement industrial funding in fiscal year 1988.

The costs of providing supplies to customer agencies involving procurement contracting, warehousing, and distribution, heretofore directly funded by this account, will be paid from income received into the General Supply Fund from customer agencies under the provisions proposed in the 1988 appropriations bill, amending section 109 of the Federal Property Act. Congressional controls include a provision in the bill

that the indirect costs included in GSA prices will not exceed maximum rates if so provided in appropriations acts.

Presently, customer agencies pay only the purchase price of the commodities ordered from the Federal Supply Service supply distribution system plus transportation costs. Under the industrial funding provisions proposed, the direct expenses incurred in this supply operation would be recovered through the prices charged customer agencies. This will create a much more business-like operation and will result in a more accurate reflection of true supply costs in budgets of Federal agencies. Recovery of these costs through the pricing structure is consistent with other interagency support activities performed by GSA. It is the Committee's intent that all Federal agencies shall requisition from the General Services Administration all needed items of supply which are managed by GSA unless authorized by GSA regulations.

Provisions are also proposed in the bill, amending 31 U.S.C. 3726, to provide for the in-house transportation audit program to be financed from net proceeds generated from collections of transportation overcharges. The transportation audit program is highly effective as demonstrated by the consistently significant level of overcharges identified and collected each year, with an estimate of $50,000,000 in 1988.

The success of this program has been enhanced by the use of small contract transportation audit firms to identify overcharges involving billings up to a certain dollar threshold. Payments to these contractors, not to exceed 50 cents for each dollar identified and collected by GSA, are from overcharge receipts collected under provisions in the appropriations acts and a subsequent permanent provision amending 31 U.S.C. 3726. Accordingly, the proposed provision in the 1988 appropriations bill will provide for all the expenses of this program to be financed by overcharges collected.

It is the intent of the Committee that if usage of GSA contracts, supplies, or services falls under preferred rather than mandatory use, the decision not to use GSA must be justified by preparing a complete price comparison. Such price comparison must include the total administrative costs of the agency actions to the purchase price of the item itself. If such comparison establishes the overall total cost to the agency is less than the GSA price, then the agency will be permitted to utilize its own source.

MULTIPLE AWARD SCHEDULES [MAS]

The Committee understands that vendors selling computers and other high technology products to GSA under the Multiple Award Schedule [MAS] Program have been pressing the agency to adopt contract and contracting procedures that eliminate bureaucratic redtape and unnecessary, burdensome clauses, substituting instead commercial-type contracts. One vendor has even proposed giving GSA a discount below its MAS best price of over 20 percent if GSA would eliminate from the standard MAS contract various burdensome clauses not required by statute. GSA has apparently brushed this proposal aside summarily.

While the Committee has not fully studied the implications and ramifications of these suggestions and proposals, it urges GSA to examine carefully the savings available to the Government: (1) through the adoption of more commercial-like contracting procedures and (2) through the use of commercial-type contracts with MAS vendors. Should the Government be able to effect the substantial savings that have been suggested, while retaining the safeguards that all buyers and sellers have in their dealings in the commercial marketplace, the value of this approach will be manifest. GSA should consider experimenting with commercial-type MAS contracts on an ad hoc basis, with careful monitoring and reporting, using special exceptions or waivers appropriately designed to test the validity of innovative and cost-saving vendor proposals.

The Committee directs the Comptroller General of the United States to review the implementation results of the industrial funding authority provided in this bill through fiscal year 1989 to determine if any further changes or refinements are needed and to independently assess the effect of this new initiative in reducing overall Federal supply spending.

FUNCTIONS OF THE FEDERAL SUPPLY SERVICE

The Federal Supply Service provides Governmentwide direction and coordination of a worldwide supply distribution system; management of supplies and personal property; transportation and travel management; vehicle fleet management; and property management activities for utilization, rehabilitation, and donation of Federal personal property.

Supply.—This activity provides for the operation of a worldwide supply system to contract for and distribute supplies and property to Federal agencies.

Transportation.—The purpose of this activity is to provide a comprehensive and effective Governmentwide program for transportation and travel management, transportation audits, operation and maintenance of motor equipment to meet agency requirements and development and execution of the automotive procurement function of the Government.

The GSA/FSS transportation and travel management programs continue to provide support and dollar savings for Government agencies through negotiated airline city-pair contracts, travel management centers [TMC], hotel/motel discounts, charge card/travelers check program, automated rate and routing processes, the small package express delivery program, audits of transportation claims by and against the U.S. Government, and the long-term vehicle lease contracts program.

Property management.—This activity manages and operates a Governmentwide excess personal property program including the utilization, donation, and sale of property. It encompasses all Government agencies, and provides for utilization of excess property; donation of surplus personal property for public benefit purposes; sale of surplus and exchange/sale of personal property (except DOD property); and rehabilitation and reclamation of Government personal property to extend its useful life.

Service direction—This activity provides executive leadership, management direction, and nationwide support for a National Supply Program, a Governmentwide program for transportation/travel management and property management within the Federal Supply Service. It also develops policy and provides nationwide support services in the areas of budget administration, financial management, data systems, forecasting, management information systems, and economic analysis.

FEDERAL PROPERTY RESOURCES SERVICE

OPERATING EXPENSES

1987 appropriation to date	$39,398,000
1988 budget estimate	12,248,000
House allowance	43,248,000
Committee recommendation	12,134,000

The Committee recommends an appropriation of $12,134,000, which is $114,000 below the budget estimate and $31,114,000 below the House allowance.

The Federal Property Resources Service [FPRS] is responsible for the further utilization by Federal agencies of Government excess real property and for disposal by discount conveyance for public purposes, or by sale, of Government surplus real property. Additionally, FPRS acquires, stores, manages, and disposes of the Nation's inventory of strategic and critical materials essential to the military and industrial requirements of the United States in times of national emergency. The programs relating to the stockpile are centralized with no regional counterparts. The Real Property Disposition Program is conducted through four regional offices.

Beginning in fiscal year 1988 it is recommended that the operating expenses associated with the management of the national defense stockpile be funded from the National Defense Stockpile Transaction Fund [NDSTF] as authorized by the National Defense Authorization Act, 1987 (Public Law 99–661). This act amended the Stockpiling Act (Public Law 96–41) to authorize the NDSTF to be used for reasonable requirements for management of the stockpile. Therefore, commencing in fiscal year 1988 only those costs related to the Real Estate Policy and Sales Program would be funded directly from the FPRS "Operating expenses" account. The national defense stockpile operating expenses would be funded by the NDSTF as a reimbursable program activity.

National defense stockpile.—This activity manages the national defense stockpile [NDS] of strategic and critical materials required to keep the Nation's mobilization base viable. This activity provides for acquisition, disposal, receiving, storing, protecting, inspecting, and maintaining the material in strategic storage locations. Its responsibilities include accepting, rotating, upgrading, shipping, and processing of stockpile materials as well as data collection and economic analysis, and oversight of the William Langer Jewel Bearing Plant.

Beginning in fiscal year 1988 the operating expenses associated with the management of the national defense stockpile will be funded from

the National Defense Stockpile Transaction Fund as authorized by the National Defense Authorization Act, 1987 (Public Law 99–661). This act amended the Stockpiling Act (Public Law 96–41) to authorize the NDSTF to be used for reasonable requirements for management of the stockpile.

Real property.—This activity promotes maximum utilization of real property by Federal agencies and minimizes new procurements of real property by transferring available excess property among agencies. Pursuant to Executive Order 12512, it provides Governmentwide policy oversight and guidance for Federal real property management, develops legislative initiatives that seek to improve such management, and conducts real property utilization surveys to identify real property which is not utilized, underutilized and not being put to optimum use, and recommends excessing of such properties. It provides for the economic and efficient disposal of surplus real property by sale, exchange, lease, permit assignment or transfer for both private and public purposes. This activity provides for the protection and maintenance of excess and surplus property in order to retain maximum value and marketability pending its disposition. It provides for the appraisal of excess and surplus property and establishes the specifications, standards, and methods governing such appraisals. Further, it provides for preparation of land reuse planning studies and environmental and cultural enhancement reviews required in the disposition of real property.

The Committee has also made a reduction of $114,000 below the President's budget request, to be absorbed in administrative costs and various overhead items in fiscal year 1988. Of this amount, $67,000 shall be absorbed in travel and transportation costs in accordance with a 13-percent reduction in travel in accordance with the Senate-passed budget resolution.

GSA SURPLUSING OF BELTSVILLE AGRICULTURAL RESEARCH CENTER PROPERTY

The Committee notes that the Beltsville Agricultural Research Center [BARC] is one of the Nation's premier agricultural research centers. Many of BARC's facilities were built prior to World War II and have not been renovated since their initial construction. At the direction of the Committees on Appropriations, USDA has prepared a comprehensive, 6-year, $125,000,000, renovation plan, entitled Renaissance 93, to restore and upgrade the Center by 1993. Funds to begin implementation of this plan were included in the fiscal year 1987 supplemental and the Committee expects additional funds to be appropriated for the project in fiscal year 1988.

The Committee notes that BARC property has been on the surplus property rolls for an extensive period of time. Renaissance 93 and growth requirements of the Research Center, as well as that of the Department of Agriculture in the area of research, will soon necessitate expansion. This 13-acre parcel will be integral to any expansion plans and, therefore, the Committee is recommending language in the bill precluding the removal of this property from the surplus rolls.

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

1987 appropriation to date	$10,000,000
1987 new obligational authority (NOA) to date	
1988 budget estimate:	
Appropriation	
NOA	(36,080,000)
House allowance:	
Appropriation	10,000,000
NOA	(5,000,000)
Committee recommendation:	
Appropriation	13,000,000
NOA	(36,080,000)

The Committee recommends an appropriation of $13,000,000 which exceeds the House allowance by $3,000,000 and exceeds the budget estimate by $13,000,000.

This fund was established by the Strategic and Critical Materials Stock Piling Act (Public Law 96–41) approved July 30, 1979, to finance the acquisition of strategic and critical materials and related transportation costs out of receipts from disposal sales of excess stockpile materials and to provide for the rotation of any material in the stockpile when necessary to prevent deterioration by replacement of the material with an equivalent quantity and substantially the same material.

This act was amended by the Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) which provided for: (1) payment of incidental expenses related to acquisition of materials; (2) availability of funds until expended unless otherwise provided in appropriation acts; (3) a limitation on the fund balance; and (4) requirements for certain plans and reports to be submitted to Congress, and Public Law 99–661 which extended the uses of the National Defense Stockpile Transaction Fund.

Beginning in fiscal year 1988 the operating expenses associated with the management of the national defense stockpile will be funded from the National Defense Stockpile Transaction Fund.

The purpose of this fund is to provide for the acquisition of certain strategic and critical materials to preclude the dependency of the United States upon foreign sources for supplies of such materials in times of a national emergency.

STRATEGIC MATERIALS PROJECTS

The Strategic and Critical Materials Stockpiling Act states that it is necessary to provide for the acquisition and retention of certain strategic and critical materials and to encourage the conservation and development of sources of such materials within the United States in order to decrease the dangerous and costly dependence upon foreign sources for supplies of such materials in times of national emergency. The congressional Office of Technology Assessment [OTA], in a report on the Nation's supply of strategic materials, has found that the United States relies on the Soviet Bloc and South Africa to provide over one-half of its supply of strategic materials, thereby making the United States extremely vulnerable to shortages of such supplies in times of a

national emergency. In addition, there is virtually no domestic production of cobalt, chromium, manganese, and platinum group metals which are vital to the national defense posture.

In accordance with the purposes of the Strategic and Critical Materials Stockpiling Act and the findings of the Office of Technology Assessment, the Committee recognizes the importance of reducing the Nation's dependence upon foreign sources for strategic materials. The Committee believes that additional funds are needed for research and development of technologies for exploration and extraction of new domestic sources of strategic metals and minerals to replace those strategic materials which are now imported.

In accordance with the provisions of the Strategic and Critical Materials Stockpiling Act the Committee feels it is important to further reduce this Nation's dependence upon foreign sources for strategic materials and minerals. Therefore, the Committee has approved three projects and one study for funding in fiscal year 1988 which will help to achieve this critical objective over the next several years.

CENTER FOR OCEAN RESOURCE SCIENCE AND TECHNOLOGY, HAWAII

The Office of Technology Assessment has identified the ocean as an alternative and substantial domestic source of strategic metals and minerals to supplement or replace land-based resources of questionable supply reliability. The development and demonstration of advanced technology for exploring and mining the deep seabed must occur before exploitation of these resources is economically feasible. The Committee has, therefore, recommended $4,000,000 for a grant to begin construction of a strategic materials research facility at the University of Hawaii at Manoa. The University of Hawaii has the necessary ocean technology and engineering research program, in conjunction with highly regarded geophysics and materials science programs, for such a strategic materials research facility. The State of Hawaii's proximity to the world's richest undersea mineral fields makes the University of Hawaii a prime location for such a center. In addition, the State of Hawaii is committed to substantial cost-sharing participation in the development of the center. The House has included $5,000,000 for this project.

BIOMEDICAL POLYMERS CENTER, UTAH

The Committee believes that the field of biomedical polymers can make a significant contribution toward addressing the need to reduce our dependence upon foreign sources for strategic materials.

The development of biomedical polymers and polymetric devices can replace many scarce and strategic metals currently needed for medical applications. For example, the Committee has learned that cobalt, nickel, chromium and other alloying elements used in human implants can be entirely replaced by plastics. More than 120,000 pounds of cobalt, 17,000 pounds of nickel, 15,000 pounds of molybdenum, and 78,000 pounds of chromium could be saved annually as a result.

Therefore, the Committee has recommended $4,000,000 for a grant to initiate the establishment of a biomedical polymers center at the University of Utah. The University of Utah has expertise in biomedical polymers science and has forged strong ties with private industry, who have interacted with the university in various research programs in biomedical polymers, for such a center. In addition, the Committee understands that the university has secured private and State funding to make up more than one-half the cost of completing this project.

CENTER FOR ADVANCED STUDIES FOR COPPER RECOVERY AND UTILIZATION, ARIZONA

The Committee has recommended $4,000,000 for the establishment of a center for advanced studies for copper recovery and utilization at the University of Arizona.

Copper is an important metal in modern society and is widely used in an unalloyed condition as well as combined with other metals in the form of alloys. According to National Security Council recommendations, copper is a strategic and critical material. Its unique properties of high electrical and thermal conductivity, good corrosion resistance, and strength make it a desirable material in many engineering applications. Recently, copper has been used in the preparation of certain pharmaceuticals and in making superconducting oxides.

Arizona ranks first in the Nation in copper production. Even with continued depressed copper prices, in 1986 the total value of copper produced in Arizona was about $1,200,000,000. Copper accounted for 75 percent of the value of nonfuel mineral production in Arizona in 1986. The Arizona copper industry has in the past few years undertaken drastic measures to enhance its competitiveness and to guarantee an advantageous worldwide position in the future. Part of the increased productivity can be attributed to the application of solution mining techniques to the treatment of copper ores and low-grade waste materials. In situ copper leaching represents an important and potentially productive area of research. First, in situ copper recovery possesses certain advantages over conventional mining and milling: lower capital and operating costs, faster startup times, and less of an environmental impact. Second, certain strategic and critical metals (that is, cobalt, uranium) are present in readily accessible solutions produced by the leaching of copper porphyries. Finally, there exists the possibility of producing specialty high value-added copper products directly from copper leach solutions.

The recovery of copper by in situ techniques, the extraction of valuable byproducts from leach solutions, and the production of new high value copper products would help improve the competitiveness of U.S. copper in world markets. In addition, advances in in situ technology can be applied to the recovery of other minerals and metals.

In situ leaching due to its inherent complexity requires that diverse areas of technology, such as hydrometallurgy, hydrology, geology, and geomechanics, be interfaced to achieve success. The University of Arizona is in the enviable position of having strong technical programs in

all these areas of science and engineering. In an effort to focus this expertise, it is proposed that an interdisciplinary center for in situ leaching be established.

The objective of this center would be to generate basic data and information to guide and support ongoing and future programs sponsored by government and private industry. A clear national need is to improve the economic and technical efficiency of the domestic copper industry. Research leading to improved and innovative processes like in situ leaching is basic to meeting this need. Furthermore, the Generic Mineral Technology Center Program of the U.S. Bureau of Mines does not cover hydrometallurgy or solution mining. It is doubtful that the Bureau of Mines will change its current GMTC Program to include these research activities. The proposed center will establish a nationally recognized program in an area of vital interest to the minerals industry and to the future of copper recovery in Arizona.

METALLIC ALLOYS REPLACEMENT STUDY

A number of critical materials are contained in metallic alloys which are used in applications where high temperature and stress must be overcome. Chromium and cobalt are two such critical materials used in jet aircraft engines. The source of supply for these materials is the import market, that is, South Africa, the Soviet Union, and Zaire. Certain ceramic materials hold great promise for replacing the alloys in jet engines which rely on chromium and cobalt.

The Committee recommends that $1,000,000 be provided for work by the University of New Mexico, in collaboration with the Los Alamos National Laboratory and private industry. These funds are to be used to study the possibilities of developing structural ceramics and related materials as replacements for metal alloys that use critical materials. This study is to complement other existing material science and engineering research in support of this effort.

AMHERST, MA

The Committee has deleted funding recommended by the House for continued construction of a strategic materials research facility in Amherst, MA.

Real Property Relocation

1987 appropriation to date	
1988 budget estimate	$47,000,000
House allowance	47,000,000
Committee recommendation	15,000,000

The Committee recommends an appropriation of $15,000,000 for real property relocation activities in fiscal year 1988. This amount is $32,000,000 below the budget request and the House-passed bill. This is a new line item activity that was neither requested nor funded in fiscal year 1987.

The funds requested by the President for this activity would be used to support the goal of the Federal Property Resources Service and the objective of Executive Order 12512, which is to provide for the optimum utilization of federally owned real property. The President has indicated valuable Government-owned property exists that is now underutilized, but which has not been released for disposal by the landholding agencies. This is often due to the high costs of relocating personnel and equipment, and of acquiring new facilities.

The President believes that such properties could provide significant revenue if sold, but under current laws, the holding agency usually must provide the funds for relocations. For these reasons, agencies are reluctant to release properties for sale regardless of their value and suitability for commercial use. By providing agencies with these funds, an incentive could be established for them to agree to move. Further, long-term savings could result from the operation and maintenance of facilities better suited to agency missions.

Implementation of the relocation program is considered by the President to be an essential part of the overall real property disposal program. Receipts from sales of real property are targeted at $250,000,000 in fiscal year 1987 and $400,000,000 in fiscal year 1988. The relocation initiative could greatly assist in helping to achieve these goals, thereby reducing the Federal deficit. Any and all potential candidates will be evaluated regardless of the dollar value of the property. The primary consideration will be the economic advantage to the Federal Government, that is, the estimated proceeds from sales versus relocation costs. A minimum return on investment is estimated at 2 to 1, however, it is believed by GSA that a ratio of 4 to 1 or 5 to 1 is achievable.

The Committee notes that of this request for fiscal 1988, nearly 70 percent of the President's request is for Department of Defense relocations that could occur during the course of the coming fiscal year. The Committee has learned that many of these proposed relocations would be handled through the regular fiscal 1988 Department of Defense budget request. Therefore, the Committee has reduced the GSA's relocation budget estimate by $32,000,000, leaving a balance of $15,000,000 for the relocation of civilian agencies that may relocate in fiscal year 1988. If the Committee learns of any shortfalls developing within the Department of Defense for relocation costs, it will be willing to entertain a request for supplemental funding from the Department and GSA.

General Management and Administration

Salaries and Expenses

1987 appropriation to date	$121,503,000
1988 budget estimate	124,159,000
House allowance	124,159,000
Committee recommendation	122,500,000

The Committee recommends an appropriation of $122,500,000 which is $1,659,000 below the House allowance and budget estimate.

This appropriation provides for policy direction and coordination of all GSA programs by the Administrator, his Deputy, 11 regional administrators, and congressional and external affairs; agencywide acquisition policy, planning, and coordination; and financing of administrative and financial services on a centralized and integrated basis for all GSA programs.

These activities include executive direction, the functions of the comptroller, administration, functions of the Board of Contract Appeals, legal services, acquisition policy, and field administration.

COMMITTEE ACTION

The Committee has recommended a reduction of $1,000,000 in the administration activity in fiscal year 1988. The Committee notes that GSA is requesting an increase of 10 percent over fiscal 1987 levels for administration next year. The reduction proposed by the Committee would leave GSA with an increase of 7.2 percent over fiscal year 1987 levels for administration expenses.

The Committee has also recommended a reduction of $209,000 in travel and transportation costs in fiscal year 1988, a 13-percent reduction commensurate with the travel cuts assumed in the Senate-passed version of the congressional budget resolution for fiscal 1988.

Finally, the Committee has recommended that the balance of the reduction below the President's budget request—$450,000—be absorbed in administrative costs; overhead items; and other low priority programs in fiscal year 1988.

INFORMATION RESOURCES MANAGEMENT SERVICE

OPERATING EXPENSES

1987 appropriation to date	$29,328,000
1988 budget estimate	32,588,000
House allowance	32,588,000
Committee recommendation	30,000,000

The Committee recommends an appropriation of $30,000,000, which is $2,588,000 below the budget estimate and House allowance.

This appropriation provides for the overall direction and coordination of comprehensive Governmentwide programs for the management, procurement, and utilization of automated data processing, telecommunications, and office information equipment and services.

Federal information resources management.—The Office of Federal Information Resources Management develops, plans, and directs Governmentwide programs governing the management and acquisition of Federal information resources. The Office also develops and monitors Governmentwide policies and regulations, reviews Federal agencies' implementing programs, and conducts long-range planning and research relating to future Governmentwide information resources management needs.

Central information services.—The Office of Central Information Services manages and directs GSA's Governmentwide information re-

sources assistance programs, the GSA-wide ADP and office automation programs, and the provision of automated information resources within the Information Resources Management Service [IRMS], including the operation and maintenance of the Federal Domestic Assistance Program. The Office also develops and implements Governmentwide information resources assistance policies related to software, hardware, data communications, office automation, records management and planning, and agencywide policies related to managing ADP and office automation resources.

Information resources procurement.—The Office of Information Resources Procurement directs, administers, and manages the Governmentwide acquisition program for ADP and telecommunications equipment, software, services, and related items; procures circuit facilities, services, and terminal and special purpose equipment competitively; directs the development of and implements new acquisition techniques and programs for ADP and telecommunications; maintains liaison with industry associations and State, local, and foreign governments in ADP and telecommunications matters; conducts specific economic analyses required by IRMS to achieve its program objectives; represents the Government before State telephone rate commissions when proposed rate changes are determined to have a large impact on Government costs; and manages reimbursable ADP and telecommunications procurement programs financed through the Information Technology Fund.

Office of Telecommunications Services.—The Office of Telecommunications Services manages and directs activities of IRMS that relate to reimbursable telecommunications and regional ADP programs including the Federal Telecommunications System [FTS], Washington Interagency Telecommunications System [WITS], the acquisition of telecommunications services, and telecommunications marketing and user services programs. Develops overall telecommunications and regional ADP objectives, long-range plans, comprehensive programs, and organization and operating methods needed to accomplish program objectives.

Information Security Oversight Office.—Executive Order 12356 established a system for all executive agencies to follow when classifying, handling and declassifying national security information. The order assigned to the Information Security Oversight Office the responsibility for overseeing agency compliance with the provisions of the order.

The Office provides oversight for the Information Security Program established by Executive Order 12356. This involves monitoring the information security programs of approximately 80 executive branch agencies. Major responsibilities include the conduct of onsite reviews and the development and promulgation of directives necessary for implementation of the order. The Oversight Office establishes requirements for reports from agencies, analyzes data received together with data collected from onsite reviews, and advises agencies about any deficiencies and violations. The Office reports annually to the President on the state of the program throughout the executive branch. In fiscal years 1987 and 1988, ISOO inspections will be limited to one formal

compliance inspection per year in each agency and major subordinate elements. In lieu of additional inspections, ISOO will conduct a series of special projects and studies on specific information security subjects.

National security emergency preparedness.—National Security Decision Directive [NSDD] 201 on national security emergency preparedness [NSEP] telecommunications funding provides for the Department of Defense [DOD] to bill other national communications systems [NCS] members, including GSA, for a share of NCS operating costs beginning in fiscal year 1988.

For fiscal year 1987, DOD continued to fund national level NSEP telecommunications programs. For fiscal year 1988 and beyond, other NCS members will share implementation and recurring costs with DOD. The method of determining each organization's share of such costs is based on a requirements analysis report.

The Committee has recommended a reduction of $1,500,000 in other services activities in fiscal year 1988. The GSA requested an increase of 41 percent over fiscal 1987 levels for other services activities next year. At a time of rigid fiscal restraint, the Committee believes that this percentage increase is excessive and should be reduced. Therefore, the Committee has recommended reducing the fiscal 1988 other services account by at least $1,500,000, leaving an increase of 10 percent over last year's level.

The Committee has also recommended at least a 13-percent, or $25,000, cut in the travel and transportation budget request for fiscal year 1988, in accordance with the travel reduction assumptions contained in the Senate version of the congressional budget resolution for fiscal year 1988.

The Committee has recommended a reduction of at least $900,000 in other administrative and various overhead items in IRMS in fiscal 1988. These reductions should be able to be absorbed without any impact on important IRMS programs next year.

The balance of the reduction proposed by the Committee should be absorbed in low priority IRMS activities.

Office of Inspector General

1987 appropriation to date	$21,481,000
1988 budget estimate	24,649,000
House allowance	24,649,000
Committee recommendation	24,334,000

The Committee recommends an appropriation of $24,334,000 for the Office of the Inspector General, which is $315,000 below the budget estimate and the House allowance.

The Office of Inspector General [OIG] implements in its entirety the provisions of the Inspector General Act of 1978.

Consistent with the Inspector General Act, the OIG has been given total responsibility for the audit and investigative functions of the agency. Its mission is to detect and investigate all instances of fraud and abuse and assure that proper corrective action is taken. The Office is

also charged with the responsibility for reporting on waste, inefficiency and mismanagement, and making recommendations for improvement.

Audit services provided by the OIG fall within two broad categories: Audits of GSA contracts and internal audits, including inspections. Through the pre-award and post-award auditing of GSA contracts, the OIG provides professional advice on accounting and financial matters related to the negotiation, award, administration, repricing, and settlement of contracts. Internal audits deal with all facets of GSA operations.

Inspections services provide detailed technical evaluations of GSA operations. The investigations program provides for the detection and investigation of illegal or unethical activities against GSA by its employees, vendors doing business with the agency, and by other individuals or groups of individuals.

The Inspector General Act also requires that the inspectors general move beyond their traditional role of detecting and preventing fraud, waste and abuse, to also assume responsibility for promoting economy and efficiency. The GSA Office of Inspector General has a unique role within the Federal structure in that its activities affect all Federal agencies and several State programs. The broadened mandate requires increased emphasis on more effective involvement with other governmental agencies, identification of systemic problems, participation in the design of new programs, review of proposed legislation and regulations, and employee awareness programs.

The Committee has recommended a reduction of $178,000, or 13 percent, in travel and transportation expenditures in fiscal year 1988 for the office. This reduction is in accordance with the travel cut assumptions contained in the congressional budget resolution for fiscal year 1988.

The Committee has also recommended a general reduction of $137,000 in certain administrative and various overhead items in the office budget next year. The Committee believes that this reduction can be absorbed without affecting important Office of the Inspector General programs or activities next year.

Allowance and Office Staff for Former Presidents

1987 appropriation to date	$1,176,800
1988 budget estimate	1,328,000
House allowance	1,128,000
Committee recommendation	1,198,000

The Committee recommends $1,198,000 for allowances and office staff for former Presidents. This recommendation is $130,000 below the budget request and $70,000 over the House allowance.

This appropriation provides for the pensions, office staffs and related expenses for former Presidents Richard M. Nixon, Gerald R. Ford and Jimmy Carter and for the pension and postal franking privileges for the widow of former President Lyndon B. Johnson, and payments associated with the Jackson Place residence. The increased funding consists of

$22,000 for the Federal Employees Retirement System; $1,000 for the fiscal year 1988 impact of the fiscal year 1987 pay raise; $71,000 applicable to payment of rent rate increases; and $62,000 for the impact of inflation.

Below is listed a detailed breakdown of the fiscal year 1988 budget request:

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS, FISCAL YEAR 1988

	Former Presidents					
	Nixon	Ford	Carter	Jackson Place	Widows	Total
Personnel compensation	$96,000	$93,100	$96,000			$285,100
Personnel benefits	21,500	21,000	21,500			64,000
Benefits for former personnel:						
Pensions	99,500	99,500	99,500		$20,000	318,500
Unemployment compensation						
Travel	15,500	40,500	28,000			84,000
Motor pool			4,000			4,000
Transportation of things	2,000	1,000	1,000			4,000
Rental payments to GSA	123,600	69,500	81,200	$63,300		337,600
Communications, utilities and miscellaneous charges:						
Equipment rental	4,000	1,000	4,000			9,000
Telephone	24,300	55,200	31,000			110,500
Postage	7,000	17,200	16,000		3,200	43,400
Printing	2,300	1,700	3,000			7,000
Other services	5,900	8,900	18,200			33,000
Supplies and materials	7,300	9,500	11,200			28,000
Equipment						
Total obligations	408,900	418,100	414,600	63,300	23,200	1,328,100

The Committee has recommended a reduction of $11,000, or 13 percent, in travel and transportation for fiscal year 1988, in accordance with the travel cut assumptions contained in the Senate-passed budget resolution for fiscal 1988. The Committee has also recommended a general reduction of $17,000 in other administrative, overhead, and low priority items that should be absorbed next year, without affecting ongoing programs of the former Presidents. The Committee believes that these reductions should be made, given the fiscal restraints under which all agencies are operating next year.

The Committee has also deleted the $63,300 requested to cover GSA rental payments at Jackson Place. The Committee is informed that this facility is rarely used by any former Presidents or their staffs. Should the White House find that Jackson Place utilization increases dramatically in the course of fiscal year 1988, the Committee will give favorable consideration to a reprogramming or a transfer of funds from other Executive Office of the President accounts to cover rental charges for this space.

FEDERAL LAND TRANSFER

Section 7 provides for the transfer of a 5-acre tract of Federal land in Albuquerque, NM, from the General Services Administration [GSA] to the Veterans' Administration [VA]. This tract of land was originally owned by the VA. In April 1974, the VA transferred the land to the State of New Mexico at no cost. The State intended to use the land as

a highway corridor, but subsequently altered its plans so that the land parcel was not needed for this purpose. Last year, the State transferred the land back to the GSA, the agency designated to receive the property on the Federal Government's behalf.

In early 1986, the VA and the Air Force entered into a joint venture which will result in the relocation of the Kirtland AFB Hospital to the VA Medical Center. Three new buildings are to be constructed as part of this project. The tract of land originally owned by the VA and transferred to the State of New Mexico is again needed by the VA to take care of an immediate parking shortage during construction of the facilities and to provide sufficient long-term parking when the new medical center facilities are in place.

This provision provides for the transfer of the tract of land from the GSA to the VA at no cost to the VA. The Senate passed S. 1194 to accomplish this land transfer on August 5, 1987.

National Archives and Records Administration

Operating expenses

1987 appropriation to date	$101,659,000
1988 budget estimate	110,266,000
House allowance	116,266,000
Committee recommendation	117,000,000

The Committee recommends an appropriation of $117,000,000. The Committee recommendation is $6,734,000 over the budget estimate and $734,000 over the House allowance.

The National Archives and Records Administration became an independent agency on April 1, 1985. This appropriation provides for basic operations dealing with management of the Government's archives and records, operation of Presidential libraries, grants for historical publications, and for the review for declassification of all security classified information.

Records center.—The records center activity provides for the accessioning, storage, reference service, and disposal of the semiactive and noncurrent records of Federal agencies through a nationwide system of 14 records centers. Significant savings result from use of low-cost records storage and the efficient and timely disposal of nonpermanent records.

Archives and related services.—This activity provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies, the permanently valuable historical records of the Federal Government and the historical material in Presidential libraries, related publications and exhibit programs, and the appraisal of all Federal records. It also provides for the publication of the Federal Register and Code of Federal Regulations, the U.S. Statutes at Large, Presidential documents, and for a program to improve the quality of regulations and the public's access to them. It provides for the National Audiovisual Center's audiovisual information and management programs. It also provides for the systemmatic review of all classified

records in the National Archives which are over 30 years old, except intelligence and cryptological materials dated after 1945, which are to be reviewed when 50 years old.

National Historical Publications and Records Commission.—The National Historical Publications and Records Commission [NHPRC] reviews and recommends project grants to Federal and State governments, and private nonprofit institutions, chiefly universities and research libraries. It makes plans, estimates, and recommendations for the publication of important historical documents and works with various public and private institutions in collecting, editing, and publishing papers significant to the history of the United States. The Commission is composed of members appointed by, and representing, the President, Congress, Supreme Court, executive agencies and historical and archival societies.

The Committee has concurred with the House in earmarking a total of $4,000,000 for the National Historical Publications and Records Commission grant program in fiscal year 1988. However, in order to allow this important grant program to be funded in fiscal 1988 without total absorption out of other Archives programs, the Committee has recommended an additional $2,000,000 over the President's request in order to partially offset the impact of the grant program on other important ongoing Archives programs and activities.

Program direction.—This activity provides for general direction and program support for all programs assigned to the National Archives and Records Administration [NARA]. Direction is provided by the Archivist, his staff, and the Office of Management and Administration.

In 1988 records in the National Archives and Federal Records centers will total approximately 15,559,000 cubic feet. The number of reference services expected to be provided will total 3,772,000.

NEW FACILITY FOR THE NATIONAL ARCHIVES IN MARYLAND

The National Archives Building, completed in 1934, reached its records storage capacity of approximately 800,000 cubic feet in the late 1960's. To alleviate the space shortage, over 500,000 cubic feet of archival records received since 1970 have been diverted to federally owned and leased buildings in the Washington, DC, area. The National Archives and Records Administration [NARA] has also been forced to move various administrative support activities out of the National Archives Building into several different office buildings in the District of Columbia.

Some of the Nation's historically valuable records are currently stored in space which was not designed to provide environmental conditions necessary to preserve the life of these important documents. In the future, more records will have to be stored in archivally unsuitable space unless a new archival facility is constructed which meets the National Bureau of Standards' environmental requirements for archival storage. Dispersal of records to multiple sites will cause operational inefficiencies including duplication of various support activities (for example,

research rooms and laboratories) and will impede researchers wishing to use the records.

Additionally, a study of the National Archives Building completed in 1985 by Shepley, Bulfinch, Richardson & Abbott, Inc., recommended renovations to the National Archives Building to correct deficiencies in environmental and records storage conditions and expand currently inadequate public use areas. These essential renovations require that records be temporarily stored offsite during renovation of the National Archives Building.

Experts in facility planning have been conducting a major study of a new archival building. The study will identify NARA's program requirements, document functional relationships, and recommend the type and configuration of a building that meets NARA's special needs. The planners have also prepared design and construction cost estimates and evaluated alternative building sites.

The Committee has discussed this important matter with NARA and has concluded that design and planning should begin for a new archival facility in Maryland. The Committee has concurred with the House in appropriating $6,000,000 for design and planning of a new archival facility.

The Committee has recommended a reduction of $93,000 in travel and transportation activities in fiscal year 1988, commensurate with the travel cut assumptions contained in the congressional budget resolution for fiscal year 1988. This constitutes a 13-percent reduction in the President's request.

The Committee also recommends a reduction of at least $325,000 in the President's request, to be applied in certain administrative cost activities and various overhead items in the Archives budget next year. The Committee believes that these reductions can be absorbed without any degradation of important Archives activities next year.

Office of Personnel Management

SALARIES AND EXPENSES

Appropriation

1987 appropriation to date	$100,129,000
1988 budget estimate	102,360,000
House allowance	102,360,000
Committee recommendation	102,000,000

The Committee recommends a direct appropriation of $102,000,000 for the salaries and expenses of the Office of Personnel Management. The Committee recommendation is $360,000 below the budget estimate and the House allowance.

The Office of Personnel Management provides Governmentwide staffing programs to meet the personnel needs of the Federal Government in accordance with law, regulation, and merit principles. Among the staffing services OPM provides are:

Recruiting and special personnel programs.—OPM identifies staffing needs, communicates these needs to potential recruitment sources and helps agencies solve recruitment problems. It provides the public with information about available Federal employment through OPM regional/area offices, State job services, and publications. Program planning and leadership are also provided for special emphasis programs including those for veterans, Hispanics, other minority groups, women, and the handicapped.

Evaluating applicants.—OPM manages the intake of applications to meet identified recruiting needs. It evaluates candidates for most Federal jobs, maintains applicant inventories and refers the names of candidates for consideration in response to agencies requests. For some Federal jobs, OPM delegates to other agencies the authority to evaluate and refer applicants, while maintaining an oversight function to ensure adherence to staffing laws.

Establishing standards.—OPM sets standards for the qualifications required for Federal jobs.

Policy development.—Through research and development in job analysis and personnel assessment procedures, OPM enhances the knowledge base which supports Federal personnel practices, policies, and standards as well as provides leadership and guidance to Federal agencies in applying sound selection and advancement practices.

Administrative law judges.—OPM provides policy direction and evaluation for all personnel aspects for administrative law judges Governmentwide and directs the allocation of these positions.

The Committee has proposed a reduction of 13 percent, or $155,000, in travel and transportation in the nonvoting rights portion of the Office of Personnel Management budget request for travel in fiscal 1988. The voting rights portion of the overall OPM travel and transportation of persons budget request is $736,000, and this amount has been exempted from the 13-percent reduction that is in accordance with the travel cuts assumed in the budget resolution for fiscal 1988. The 13-percent reduction was applied to the balance of the travel and transportation of persons account and the transportation of things activity.

The Committee has also recommended a reduction of $205,000 in certain administrative and various overhead items within the OPM budget for fiscal 1988. The Committee believes that this reduction will not significantly affect ongoing OPM programs next year.

LIMITATION

(TRANSFER OF FUNDS)

1987 appropriation to date	($60,900,000)
1988 budget estimate	(65,746,000)
House allowance	(65,746,000)
Committee recommendation	(68,746,000)

The Committee recommends a limitation of $68,746,000, $3,000,000 more than the fiscal year 1988 budget request and the House allowance.

These funds will be transferred from the appropriate trust funds of the Office of Personnel Management to cover administrative expenses for the retirement and insurance programs.

The Committee has become increasingly aware, through constituent complaints, that the level of retirement and insurance services provided by the Office of Personnel Management has diminished with the advent of the Federal Employees' Retirement System and the numerous changes to the Civil Service Retirement System. The House Committee on Post Office and Civil Service has also expressed concern about service levels. The Committee believes that additional resources are required to improve retirement and insurance service levels and has increased OPM's trust fund transfer authority by $3,000,000 to be devoted to this task. It is the intent of the Committee that OPM's full-time equivalent employment ceiling should be increased in a like manner.

CIVIL SERVICE 2000 STUDY

The Committee is very interested in the changing nature of the Federal work force and the characteristics of the new jobs being created in our economy. In particular, the Committee has a special interest in needs of the Federal work force in the year 2000. Therefore, the Committee directs OPM to report no later than March 1, 1988, on the long-term work force needs of the Federal Government. This study should include answers to the following questions: What kind of jobs will civil servants be required to fill? What skills will civil servants need to fill those jobs? How will they be trained? What will we do about those currently employed who cannot transition into the new Federal work force? What family and social support will we need?

As part of this study, the Committee also directs OPM to provide answers to the following specific questions about the child care needs of the Federal work force: What day care is now provided by the Federal Government for its work force? What day care is projected to be needed by the Federal work force in the year 2000? In addition, OPM should provide an analysis for the specific need, now and in the year 2000, for day care at the following Federal facilities and/or agencies: the National Institutes of Health; the Social Security Administration, particularly at its Woodlawn, MD, facility; the U.S. Naval Academy; and the National Security Agency at Fort Meade.

GOVERNMENT PAYMENT FOR ANNUITANTS, EMPLOYEES HEALTH BENEFITS

1987 appropriation to date	$1,459,000,000
1988 budget estimate	1,788,931,000
House allowance	1,788,931,000
Committee recommendation	1,788,931,000

The Committee recommends an appropriation of $1,788,931,000 for Government payments for annuitants, employees health benefits. The Committee recommendation is identical to the budget estimate and the House allowance.

This appropriation funds the Government's share of health benefit

costs for annuitants and survivors who no longer have an agency to contribute the employer's share. The Office of Personnel Management requests the appropriation necessary to pay this contribution to the employees health benefits fund and the retired employees health benefits fund. These trust revolving funds are available for: (1) the payment of subscription charges to approved carriers for the cost of health benefits protection; (2) contributions for qualified retired employees and survivors who carry private health insurance under the Retired Employees Health Benefits Program; and (3) the payment of expenses incurred by the Office of Personnel Management in the administration of these programs.

Public Law 93–246 provides for Government contributions to enrollees in the Employees Health Benefits Program equal to 60 percent of the unweighted average of the high option premiums of six large plans. The total obligations for fiscal year 1986 reflect the use of excess carrier reserves returned to the OPM contingency reserve of the fund to finance the cost of the Government's contribution for annuitant's health benefits as provided in Public Law 99–251.

This appropriation also provides financing for the Government's share of health benefit costs for annuitants and survivors covered under the Retired Employees Health Benefits Program. Public Law 96–156 provides for increased Government contributions toward the subscription charge for health coverage, tied to increases in the cost of part B (medical) of Medicare, for those annuitants who retired prior to July 1, 1960.

PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND

1987 appropriation to date	$4,557,000,000
1988 budget estimate	4,720,913,000
House allowance	4,720,913,000
Committee recommendation	4,720,913,000

The Committee recommends an appropriation of $4,720,913,000 for payment to the civil service retirement and disability fund. The Committee recommendation is identical to the budget estimate and the House allowance.

The civil service retirement and disability fund was established in 1920 to administer the financing and payment of annuities to retired Federal employees and their survivors. In fiscal year 1987 the fund will serve approximately 2.8 million active employees, 1.5 million annuitants, and 500,000 survivors and will make benefit payments in excess of $27,000,000,000. The fund covers the operation of the Civil Service Retirement System and the Federal Employees Retirement System.

The payment to civil service retirement and disability fund consists of an appropriation and a permanent indefinite authorization to pay the Government's share of retirement costs as defined in the Civil Service Retirement Amendments of 1969 (Public Law 91–93), the Federal Employees' Retirement System Act of 1986 (Public Law 99–335), and the Civil Service Retirement Spouse Equity Act of 1985 (Public Law 98–615). The payment is made directly from the General Fund of the U.S.

Treasury, and is in addition to appropriated funds that will be contributed from agency budgets in fiscal year 1988.

Public Law 91–93 provides for an annual appropriation to amortize, over a 30-year period, all increases in Civil Service Retirement System costs resulting from acts of Congress granting new or liberalized benefits, extensions of coverage, or pay raises. However, the effects of cost-of-living adjustments are not amortized. The total current appropriation for fiscal year 1988 ($4,720,913,000) is the sum of the annual payments authorized since the law was enacted in 1969 ($4,720,105,000) plus funding for the annuities of persons employed on the construction of the Panama Canal and widows of former Lighthouse Service employees ($808,000). The total fiscal year 1988 current appropriation request represents an increase of $163,913,000 from the amount requested for fiscal year 1987 primarily due to increases in employees' pay.

Merit Systems Protection Board

SALARIES AND EXPENSES

1987 appropriation to date	$19,412,000
1988 budget estimate	21,114,000
House allowance	21,114,000
Committee recommendation	21,000,000

The Committee recommends an appropriation of $21,000,000 for the Merit Systems Protection Board. The Committee recommendation is $114,000 below the budget estimate and the House allowance.

The Committee has recommended a reduction of $94,000 below the President's request for travel and transportation activities in fiscal year 1988, a 13-percent reduction. This reduction is commensurate with the travel reduction assumed in the congressional budget resolution for fiscal year 1988.

The Committee also believes that a reduction of $111,000 below the budget request could be achieved for certain administrative costs and various overhead items within the Board's budget for fiscal 1988. The Committee does not believe that these reductions would adversely affect ongoing Merit Systems Protection Board programs and activities next year.

Nevertheless, the Committee has recommended a reduction of only $114,000 below the President's request. Any additional savings that be realized in administrative costs or overhead should be applied to future pay requirements for the Board.

LIMITATION

(TRANSFER OF FUNDS)

1987 appropriation to date	($1,200,000)
1988 budget estimate	(1,600,000)
House allowance	(1,600,000)
Committee recommendation	(1,200,000)

The Committee has recommended a limitation of $1,200,000 on the amount to be transferred from the Civil Service Retirement and Disa-

bility Fund to the Board to cover administrative expenses to adjudicate retirement appeals cases. This amount is $400,000 below both the House-passed bill level and the budget request.

The Committee has learned from the Board that this reduction could be applied without in anyway affecting its ability to properly and effectively adjudicate retirement appeals in fiscal year 1988. Therefore, the Committee has recommended maintaining the limitation at the fiscal year 1987 level.

The Board was created by Reorganization Plan No. 2 of 1978 and codified by the Civil Service Reform Act of 1978. The Merit Systems Protection Board [MSPB] assumed responsibility for the adjudicatory functions of the former Civil Service Commission. The U.S. Merit Systems Protection Board is an independent quasi-judicial agency designed to protect the integrity of Federal merit systems against partisan political and other prohibited personnel practices, and to ensure adequate protection for employees against abuses by agency management. This is carried out principally by: (*a*) adjudicating employee appeals of personnel actions such as removals, suspensions, and demotions; (*b*) adjudicating actions brought by the Special Counsel; (*c*) ordering compliance with final orders where appropriate; (*d*) conducting special studies of merit systems to determine whether they are free from prohibited personnel practices; (*e*) analyzing and reporting on the significant actions of the Office of Personnel Management [OPM]; and (*f*) reviewing regulations issued by OPM to ensure they do not require or result in the commission of a prohibited personnel practice.

The Merit Systems Protection Board is responsible for implementing the provisions of sections 1201 through 1209 of the Civil Service Reform Act of 1978.

OFFICE OF SPECIAL COUNSEL

SALARIES AND EXPENSES

1987 appropriation to date	$4,475,000
1988 budget estimate	4,701,000
House allowance	4,701,000
Committee recommendation	4,701,000

The Committee recommends an appropriation of $4,701,000 for the Office of Special Counsel. The Committee recommendation is identical to the budget estimate and the House allowance.

The Office of the Special Counsel of the U.S. Merit Systems Protection Board is charged with enforcement of certain provisions of the Civil Service Reform Act of 1978 (Public Law 95–454 and 5 U.S.C. 1204–1208). The primary functions of the office are: (1) to investigate and, if appropriate, prosecute prohibited personnel practices and activities prohibited by other civil service law, rule, or regulation; (2) to investigate and, if appropriate, prosecute prohibited political activities on the part of Federal and covered State and local employees; and (3) to provide employees a protected means of disclosing information concerning wrong doing in Federal agencies with assurance that the confiden-

tiality of the discloser will be maintained and that appropriate action will be taken.

The statute requires OSC to investigate and, if warranted, prosecute: all allegations of prohibited personnel practices, including reprisal for protected disclosures of information; prohibited political activity; arbitrary or capricious withholding of information under the Freedom of Information Act; involvement of any employee in any prohibited discrimination found by any court or appropraite administrative authority; and any other activity prohibited by civil service law, rule, or regulation. OSC also provides a safer channel for disclosure of information evidencing waste, fraud, and abuse and referral of such information to agencies.

The Committee has exempted the Office from the 13-percent travel reduction that has been imposed on most other agencies and programs covered by this bill. The Committee has also not recommended any reductions in administrative or overhead items that could be reduced in fiscal year 1988. The Committee notes that certain savings can be achieved by the Office in its overhead expenses due to reestimates of agency contributions and other items in the Office's budget for fiscal 1988. The Committee directs the Office to apply any such savings achieved in these areas to the absorption of the upcoming 2-percent pay increase that was recently proposed by the President, to take effect in January 1988.

Federal Labor Relations Authority

SALARIES AND EXPENSES

1987 appropriation to date	$16,550,000
1988 budget estimate	17,951,000
House allowance	17,951,000
Committee recommendation	17,801,000

The Committee recommends an appropriation of $17,801,000 for the Federal Labor Relations Authority [FLRA]. The Committee recommendation is $150,000 below the budget estimate and the House allowance.

The FLRA was established to administer title VII of the Civil Service Reform Act of 1978 and to serve as a neutral third party in the resolution of labor-management disputes arising among unions, employees, and Federal agencies. The effective resolution of these labor-management disputes has an important impact on the operations of the Government. These disputes arise with nearly all agencies of the executive branch, and the Library of Congress and the Government Printing Office, in locations throughout the United States and overseas. Further, the FLRA is charged with resoluton of labor-management disputes among all employees, both United States citizens and foreign nationals, of the Panama Canal area.

Authority members.—Provides leadership in the establishment of policies and guidance relating to matters under title VII of the Civil Service Reform Act of 1978. Specifically, the authority is empowered to: (1) determine the appropriateness of units for labor organization representa-

tion; (2) supervise or conduct elections to determine whether a labor organization has been selected as an exclusive representative by a majority of the employees in an appropriate unit; (3) otherwise administer the provisions relating to the according of exclusive recognition to labor organizations, the authority for which has been delegated to the General Counsel; (4) prescribe criteria and resolve issues relating to the granting of national consultation rights; (5) prescribe and resolve issues relating to determining compelling need for agency rules and regulations; (6) resolve issues relating to the duty to bargain in good faith; (7) prescribe criteria relating to the granting of consultation rights with respect to conditions of employment; (8) conduct hearings involving complaints of unfair labor practices; (9) resolve exceptions to arbitrators' awards; and (10) take such other actions as necessary and appropriate to effectively administer the provisions of title VII of the Civil Service Reform Act of 1978.

General Counsel.—Has discharged responsibilities mandated in the Federal service-management relations statute and additional responsibilities which are delegated from the authority. The functions of the Office of the General Counsel are to: (1) investigate all alleged unfair labor practices under the Federal service labor-management relations statute and under the foreign service labor-management relations statute; (2) exercise final authority over the issuance of all complaints and the prosecution of all complaints arising under the statutes listed above; (3) review and decide all appeals of decisions of the regional directors refusing to issue complaint; (4) exercise delegated authority for investigating and taking dispositive action on all representation petitions; (5) exercise delegated authority for supervising or conducting all representation elections and certifying the results of these elections to the parties; (6) exercise delegated authority for conducting hearings in all representation petitions where issues of fact are in dispute; (7) exercise delegated authority for the preparation of final decisions and orders based on the hearings held in representation cases; and (8) manage regional offices, including directing and supervising all employees of the regional offices. The regional offices are located in Boston, New York, Atlanta, Chicago, Dallas, Denver, Los Angeles, San Francisco, and Washington, DC. Subregional offices are located in Philadelphia and Cleveland.

Federal services impasses panel [FSIP].—An entity within the FLRA, assists Federal agencies and unions representing Federal employees in resolving impasses which arise in labor negotiations. The FSIP assists the parties through informal meetings, factfinding and, if necessary arbitration. The professional staff aids the panel members by promptly investigating requests for assistance; bringing about informal settlements; and conducting factfinding and arbitration hearings; and drafting reports recommendations as well as binding decisions for the FSIP members. Further, the staff supports the foreign service impasses disputes panel in resolving negotiation impasses arising under the Foreign Service Act of 1980.

The Committee has recommended a reduction of $71,000 in the budget request for travel and transportation activities, a reduction of 13 percent in accordance with the assumptions contained in the Senate-passed budget resolution for fiscal year 1988.

The Committee has also recommended a further reduction of $79,000 in other administrative and overhead cost items in the Authority's fiscal 1988 budget request. The Committee believes that these small reductions can be absorbed by the Authority without adversely affecting ongoing Authority programs and activities next year.

U.S. Tax Court

SALARIES AND EXPENSES

1987 appropriation to date	$25,613,000
1988 budget estimate	28,120,000
House allowance	28,120,000
Committee recommendation	27,877,000

The Committee recommends an appropriation of $27,877,000 for the U.S. Tax Court. The Committee recommendation is $243,000 below the budget estimate and the House allowance.

The U.S. Tax Court is an independent judicial body in the legislative branch under article I of the Constitution of the United States. The court is composed of a chief judge and 18 judges. Decisions by the court are reviewable by the U.S. Courts of Appeals and, if certiorari is granted, by the Supreme Court.

In their judicial duties the judges are assisted by senior judges, who participate in the adjudication of regular cases, and by special trial judges, who hear small tax cases and certain regular cases assigned to them by the chief judge. During fiscal year 1988, 8 senior judges and up to 17 special trial judges will be serving on the court.

The Court conducts trial sessions throughout the United States, including Hawaii and Alaska.

The U.S. Tax Court hears and decides cases involving Federal income, estate and gift tax deficiencies and excise taxes relating to public charities, private foundations, qualified pension plans, real estate investment trusts, and windfall profit tax on domestic crude oil. It also renders declaratory judgments regarding the qualification or continuing qualification (including revocations of rulings on the exemptions) of retirement plans.

The Tax Court has jurisdiction to render declaratory judgments with respect to exempt organization status determinations pursuant to section 501(c)(3), Internal Revenue Code, and to enter declaratory judgments on the tax treatment of interest on proposed issues of Government obligations. In addition, the court has jurisdiction over actions to restrain disclosure and to obtain additional disclosure with respect to public inspection of written determinations issued by the Internal Revenue Service, and actions to compel the disclosure of the identity of third-party contacts relating to written determinations made by the Internal Revenue Service.

For 1988, the court proposes a trial program of 798 weeks consisting of 587 weeks of regular trial sessions and 211 weeks of small tax case sessions. Trials are held in approximately 80 cities throughout the United States. Ninety to ninety-five percent of the Federal tax trial work occurs in the U.S. Tax Court.

The actual and estimated work volume of the court is presented in the following tabulation:

	1986 actual	1987 estimate	1988 estimate
Pending, beginning year	72,836	83,686	93,086
Docketed during year	48,398	51,000	53,000
Reopened during year	389	400	400
Disposed of during year	37,937	42,000	46,000
Pending, end of year	83,686	93,086	100,486

The Committee has recommended a reduction of $203,000 in travel and transportation in the Tax Court budget for fiscal 1988, a reduction of 13 percent in accordance with the travel cut assumptions contained in the congressional budget resolution.

The Committee has also recommended an additional cut of $40,000 in certain administrative and overhead cost items in the Tax Court budget, that the Committee feels can be absorbed without adversely affecting ongoing Tax Court programs and activities next year.

STATEMENT CONCERNING GENERAL PROVISIONS

Traditionally, the Treasury, Postal Service, and General Government appropriation bill has included general provisions which govern both the activities of the agencies covered by the bill, and, in some cases, activities of agencies, programs, and general government activities that are not covered by the bill. Those general provisions that are Government-wide in scope are contained in title VI of this bill.

The bill contains a number of general provisions that have been carried in this bill for years and which are routine in nature and scope. At the same time, the Committee has included a number of new general provisions in the bill which are explained under this section of the report. Those general provisions that deal with a single agency only are shown immediately following that particular agency or departments appropriation accounts in the bill. Those general provisions that address activities or directives affecting all of the agencies covered in this bill are contained in title V of the bill.

TITLE V—GENERAL PROVISIONS

THIS ACT

The Committee has recommended retention of the following title V general provisions contained in the House-passed bill:

Section 501 regarding certain travel limitations pursuant to estimates contained in annual budget requests;

Section 502 regarding certain employment practices regarding veterans and their ability to retain their former positions following service in the Armed Forces;

Section 503 regarding the establishment of offices outside of the District of Columbia;

Section 504 regarding the limitation on funds appropriated in this act to the current fiscal year unless otherwise specified;

Section 505 regarding consultant services;

Section 506 regarding procurement of hand or measuring tools not produced in the United States;

Section 507 regarding certain limitations on contracting out certain positions by the General Services Administration;

Section 508 regarding restrictions on advertising and labeling of wine, distilled spirits, and malt beverages;

Section 509 regarding a prohibition on competitive procurement of electric utility services under certain circumstances, has been moved by the Committee to title VI of the bill and agreed to;

Section 511 regarding a prohibition on the elimination of existing requirements for surety bonds;

Section 512 regarding enforcement of section 307 of the Tariff Act of 1930;

Section 513 regarding a prohibition against transferring control over the Federal Law Enforcement Training Center at Glynco, GA;

Section 514 regarding the use of funds for certain propaganda purposes;

Section 515 regarding prohibition of the use of funds appropriated in this act from being used to prevent certain Postal Service employees from contacting their Congressman;

Section 516 regarding prohibition against use of funds for certain motor vehicles unless certain mileage requirements are met;

Sections 517 and 518 regarding prohibitions on abortions;

Section 521 regarding procurement of stainless steel flatware not produced in the United States;

Section 524 regarding limitations on closing or consolidating of certain OPM executive seminar centers;

Section 525 regarding restrictions on the disposition of land on which the Beltsville Agricultural Research Center is located;

Section 527 regarding restrictions on the disposition of Phoenix Indian School; and

Section 528 regarding restrictions on the disposition of property in Bull Shoals Lake, AR.

The Committee recommended the deletion of the following general provisions contained in title V of the House-passed bill:

Section 510 regarding the closing of the Federal Information Center in Sacramento, CA;

Section 519 regarding the sale of silver in the national defense stockpile;

Section 520 regarding obligation of previously appropriated funds for purchase of certain stockpile commodities;

Section 522 regarding restrictions on the relocation of certain GSA regional offices and employees;

Section 523 regarding restrictions placed on the Customs Service Port of Arrival Immediate Release and Enforcement Determination Program;

Section 526 regarding a $2,000,000 appropriation to upgrade certain critical materials in the national defense stockpile;

Section 529 regarding acquisition of space for the U.S. courts in Tacoma, WA; and

Sections 530 and 531 regarding a new gainsharing productivity program at OMB.

The Committee added the following new general provisions in title V of the bill that were not contained in the House-passed bill:

Section 522 in the bill provides the authority to initiate an increase in the salary scale for the Uniformed Division of the U.S. Secret Service. An analysis of the Committee recommendation follows:

NEW PAY SCALE FOR SECRET SERVICE UNIFORMED DIVISION

The U.S. Secret Service Uniformed Division is responsible for protection of the President and First Family, the White House complex, the Vice President's residence, the Vice President and family members, Presidential candidates, foreign diplomatic missions located in the Washington metropolitan area, foreign dignitary protection outside the Metropolitan Washington area, and enforcement of the U.S. Code and the D.C. Code regarding the accomplishment of this mission.

The objective of this proposal is to obtain and maintain relative wage and benefit parity between the U.S. Secret Service Uniformed Division and other law enforcement organizations located in the Washington metropolitan area. A fiscal year 1986 study has shown that over the last several years, the Uniformed Division has fallen significantly behind other law enforcement organizations in the area relative to salary and benefits. For example, the Uniformed Division consistently ranks at the

77-210 0 - 87 - 6

lowest end of the scale when considering salary, and in the case of shift differential and Sunday premium pay they lack any comparable benefit.

These and other disparities are preventing the Uniformed Division from successfully recruiting and retaining qualified applicants. In addition, many of the finest officers are leaving within their first 3 years for the superior salaries and benefits offered by neighboring police departments. This results in a drain on the U.S. Treasury due to continuous recruiting and training costs.

Despite an intensive nationwide recruiting effort, the Uniformed Division currently has 80 vacant positions at the officer level.

The average resignation rate for the years 1980 through 1986 was 6.05 percent compared to an average rate of 3.36 percent for the other departments surveyed. Furthermore, based upon year to date June 1987 statistics the projected resignation rate for 1987 is 10.4 percent.

A more competitive wage and benefit base would serve to reduce the existing vacancies and would also attract and retain the best qualified applicants, thus reducing excessively high aggregate training costs.

The Committee directs that in order to obtain wage and benefit parity for the Uniformed Division of the U.S. Secret Service, the Office of Personnel Management and the Treasury Department take into consideration the December 1986 survey of the U.S. Secret Service comparing the salary and benefit structure of 12 law enforcement organizations in the Metropolitan Washington, DC, area and the fiscal year 1988 survey conducted by Labor Economic Consultants, Inc., commissioned by the Police Association of the District of Columbia and endorsed by the Uniformed Officers Association, of the primary police departments in the D.C. metropolitan area. From the fiscal year 1986 study, it is evident that the Uniformed Division offers the lowest entrance level salary of the 12 departments surveyed and ranks eighth with regard to the maximum attainable salary at the journeyman level. The fiscal year 1988 study demonstrates that a U.S. Secret Service Uniformed Division officer's career earnings over 20 years falls 20.7 percent behind Arlington County, 33.3 percent behind Fairfax, 22.4 percent short of Montgomery, 20.1 percent below Prince Georges, and 11.8 percent behind the District of Columbia, which is negotiating a fiscal year 1988 pay increase. In sum, the Committee finds the fiscal year 1988 report shows these officers almost 22 percent behind their metropolitan counterparts, Therefore, the Committee believes that the pay scale to be approved by OPM should reflect the results of and implement a new pay scale as follows as reflected in these surveys.

SALARY SCHEDULE BASED UPON FISCAL YEAR 1986 SURVEY

Salary class and title	Service step								
	1	2	3	4	5	6	7	8	9
Salary class 1 officer	$22,813	$23,501	$24,644	$25,785	$27,602	$29,426	$30,558	$31,712	$32,846
Salary class 1 officer/technican	23,623	24,311	24,454	26,595	28,412	30,236	31,368	32,522	33,656
Salary class 4 sergeant	30,144	31,644	33,146	34,655	36,171	37,678			
Salary class 5 lieutenant	34,188	35,903	37,608	39,321	41,035				
Salary class 7 captain	39,740	41,726	43,712	45,688					
Salary class 6 inspector	46,060	46,362	50,677	52,985					
Salary class 9 deputy chief	54,050	57,706	61,370	65,037					
Salary class 10 chief	64,065	66,359	72,623						

SALARY SCHEDULE BASED UPON FISCAL YEAR 1988 SURVEY

Salary class and title	Service step								
	1	2	3	4	5	6	7	8	9
Salary class 1 officer	$24,313	$25,001	$26,144	$27,285	$29,102	$30,926	$32,058	$33,212	$34,346
Salary class 1 officer/technican	25,123	25,811	25,954	28,095	29,912	31,736	32,868	34,022	35,156
Salary class 4 sergeant	31,644	33,144	34,646	36,155	37,671	39,178			
Salary class 5 lieutenant	35,688	37,403	39,108	40,821	42,535				
Salary class 7 captain	41,240	43,226	45,212	47,188					
Salary class 6 inspector	47,560	47,862	52,177	54,485					
Salary class 9 deputy chief	55,550	59,206	62,870	66,537					
Salary class 10 chief	65,565	67,859	74,123						

Based on these surveys, the Committee directs OPM to approve a new pay scale for the Uniformed Division at Secret Service by no later than 45 days from enactment of this bill. The Committee recognizes that other structural deficiencies in pay and benefits are still to be addressed and are beyond the scope of this Committee.

The Committee directs that any deviation from this pay scale be fully justified in writing to the Committee.

Section 523 regarding certain limitations and reporting requirements addressing the problem of interagency agreements to shift funds between those agencies. A brief analysis of the proposed Committee general provision follows:

The Committee has included language in the bill that would place certain restrictions on the use of funds by the agencies covered in this bill by other agencies of the Federal Government through written memoranda of understanding.

Specifically, the Committee would require that funds appropriated in this bill would only be available for use by other agencies of the Federal Government only for the performance of work for which the funds were appropriated in this act and only when such work can be accomplished more efficiently and at a lesser cost to the Federal Government. Furthermore, the use of such funds would only be available as a result of a written memorandum of understanding signed by the heads of each agency that is a party to the agreement. These provisions mirror current law and clarify the Committee's intent regarding these proposed uses of funds.

The Committee has also included language in section 523 that would require any such agreement between agencies covered by this bill and other Federal agencies, involving $1,000,000 or more, to be approved in advance by the Committees on Appropriations of the House and Senate. The Committee believes that these transfers or shifts of funds between agencies must be subjected to substantially greater scrutiny than has been done in the past. By bringing large interagency transactions to the Committee's attention in advance, the Committee can assure itself that funds are not being used for purposes other than those originally proposed by Congress or the Committee. The Committee expects each agency covered by this act to report, as part of its annual budget justifications, all such transactions over $1,000,000, including information as to which agencies were party to the memoranda of understanding and the reasons for those transactions.

Section 524 regarding limitations on the apportionment of Customs user fees used for paying overtime for commercial operations activities. An analysis of this particular provision is contained on page 82, under the description of Committee recommendations for the Office of Management and Budget.

TITLE VI—GENERAL PROVISIONS

DEPARTMENTS, AGENCIES, AND CORPORATIONS

The Committee has included all of the sections contained in title VI of the House-passed bill except House numbered sections 607; 611; 615; and 619. These sections have been deleted in the bill.

The Committee has recommended seven new sections in the bill and amended certain House-passed sections in title VI. A description of these new sections and amended sections follows:

AMENDMENT TO HOUSE SECTION 613

The Committee has amended section 613 of the House-passed bill with a provision which would authorize a reduction in both office space and service levels if amounts appropriated in appropriations acts for standard level user charges [SLUC] are reduced below levels contained in the President's budget request.

In years past, cutbacks in the appropriation for SLUC has resulted in significant shortfalls in the Federal Buildings Fund, resulting in serious erosion of the fund's ability to cover repair and alteration projects and other important activities. The Committee believes that any reduction in SLUC should be met with a commensurate decrease in office space and services in order to preserve the solvency of the Federal Buildings Fund and to allow the Administrator of General Services to fund those important repair and alteration and construction projects which are authorized in this act.

BLUE COLLAR PAY CAP

The pay cap provided in section 612 of the bill does not apply to those employees covered by section 704 of Public Law 95–454, the Civil Service Reform Act of 1978. It is not this Committee's intent to affect, in any way, the collective bargaining rights of those employees. The employees covered by section 704 constitute a small group of approximately 3,300 wage board employees who have, for almost 40 years, negotiated their wages and other working conditions. Most of those employees are engaged in electric power generation and transmission operations in utilities owned and operated by the U.S. Department of the Interior and U.S. Department of Energy. Those operations are located in the Western United States and many of them are located in remote areas. When Congress inserted section 704 in the Civil Service Reform Act of 1978, it did so to "provide specific statutory authorization for the negotiation of wages, terms, and conditions of employment and other

employment benefits traditionally negotiated by these employees in accordance with prevailing practice in the private sector of the economy." House Report No. 95–1717, p. 159. This statutory protection was provided in recognition of the fact that collective bargaining by these employees "has produced some of the most stable and effective collective bargaining in the history of public employee labor relations." 124 Congressional Record 25722 (1978).

For years, the Congress and Presidents of both parties have considered it necessary to allow this bargaining to continue by exempting these employees from wage setting and collective bargaining laws and executive orders that applied to most Federal employees that would have, if applied to these employees, prohibited or limited collective bargaining. The reason for this different treatment is the realization that many Western States rely heavily on the Government utilities for electric power. Private utilities could not afford to construct and maintain the facilities necessary to provide electric power to that vast area of our country. Another consideration is that this is probably the only industry in which the U.S. Government is providing a good service directly to the public that is normally provided by private industry. Therefore, it has been viewed as necessary to allow these employees to have collective bargaining rights comparable with those of the employees of utilities that are privately owned. This bargaining has always been accomplished by using the prevailing pay rates, practices, and working conditions of the private utilities as a guide. This has allowed the Government utilities to remain competitive with private industry in recruitment and retention of highly skilled employees.

The Congress repeatedly expressed its intent that these negotiated wage schedules remain free from the restriction applied to the other Federal pay systems when it excluded section 704 employees from the pay cap legislation for fiscal years 1979, 1980, and 1981. This intent was emphasized by the conferees in their joint statement regarding section 603 of H.R. 4393 of Public Law 96–74 wherein they stated:

> The conferees intend that blue-collar wages not established through regular labor-management negotiations as required by section 704 of Public Law 94–454 should continue to be set in that way.

This remains the Committee's intent.

COMBINED FEDERAL CAMPAIGN [CFC]: SUBSTITUTE FOR HOUSE SECTION 619, TITLE VI

The Committee has offered a substitute to section 619 of the House-passed bill regarding terms and conditions for the Combined Federal Campaign.

During the last several Combined Federal Campaigns this Committee and the Congress have found it necessary to enact legislation preventing the Office of Personnel Management from adopting new regulations which would have precluded certain organizations that had been admitted to the CFC in the past from continuing to participate in the CFC.

Under this legislation, OPM was prohibited from implementing new regulations that would have had eligibility restrictions that were different from those implemented in the 1984 CFC. A similar provision was included in the fiscal year 1988 Treasury-Postal Service appropriations bill passed by the House of Representatives to apply to the 1988 CFC. While this provision has had the commendable effect of preserving the ability of many worthy organizations to receive voluntary contributions from Federal employees through the CFC this Committee is concerned that this has prevented needed reforms that would streamline the CFC and make it more fair and equitable to the participating organizations.

On May 1, 1987, OPM issued interim CFC regulations republishing the 1984 regulations (52 F.R. No. 84, 16174). In the preamble to these regulations, OPM lamented the fact that needed reforms were required and stated that such reforms would be implemented if it were allowed to adopt new regulations. The preamble to the interim regulations specifically identified many of these required reforms. Recently, OPM Director Horner has appointed a distinguished task force to study the means by which these regulatory reforms might be implemented; and, in particular to focus its attention on the controversies associated with the scope of eligibility of organizations included in the campaign, and the means by which contributions that are not designated by the Federal employee donor to a particular organization can be fairly and equitably distributed. This latter subject has been a source of continuing controversy since the outset of the Federal fundraising program.

Thus, the problem is framed: on the one hand, Federal legislation effectively precludes OPM from adopting reforms that are required to improve the CFC; while on the other, such reforms cannot be adopted until assurances are made that organizations that currently participate in the campaign will not be excluded in the future.

The Committee wishes to commend OPM Director Horner for beginning the process of introducing reforms to the CFC. The purpose of this amendment is not to impede OPM's work or that of the task force, but to expedite the process by breaking the logjam and allowing the reforms identified by OPM to be specifically dealt with in revised CFC regulations for the 1988 CFC.

The Committee directs that those organizations that are accorded participation in the CFC by virtue of the 1984, 1985, 1986, and 1987 regulations continue to be eligible for the CFC. In particular, any revised eligibility rules would be required to allow the continued participation of the plaintiffs (D.D.C. Nos. 83–0928, 86–1367). In addition, OPM would be required to follow IRS rules on lobbying, litigation and public advocacy, and to continue to require public accountability standards similar to those contained in current OPM regulations.

Additionally, the Committee identifies the reforms that OPM would be allowed to implement in new regulations. For the most part, the reforms are those that were identified by OPM in its preamble to the interim regulations. Accordingly, OPM can now without hesitation imple-

ment the very reforms that it said it wished to implement. It is the intent of this Committee that OPM do so immediately.

SECTION 617: SHARED SAVINGS PROGRAM

The Committee has included language in section 617 of the bill to permit the carryover of certain appropriated funds to facilitate the implementation of the shared savings plan in the President's Productivity Improvement Program, as authorized in Executive Order 12552.

—OMB plans to initiate, on a 3-year experimental basis, a program to share productivity gains with Federal workers and agencies. This variation of gainsharing would be the largest scale effort of its type ever attempted. There are two compelling reasons why this should be done: To provide incentives to agencies and their employees to improve the productivity and quality of their services to the public. To encourage and motivate agencies and bureaus to participate to the greatest extent possible in the Governmentwide Productivity Improvement Program.

—Only those program functions that have been accepted into the Governmentwide productivity program and have clearly defined measures of efficiency and quality will be eligible to compete for shared savings. Shared savings funds would be distributed to an agency based on the productivity savings achieved by a program function during a fiscal year. Productivity savings will be calculated on the basis of verified unit costs.

—Fifty percent of the productivity savings achieved by each program function would be awarded back to the agency. The other 50 percent of the savings achieved would contribute to deficit reduction. Funds awarded to an agency for shared savings purposes is 1-year money for a one-time award. It is not built into the program base.

—According to the above formula, agencies would receive 50 percent of the productivity savings achieved for every program function participating in the Governmentwide program. They must use these funds for two purposes, the mix of which they would determine: (1) for bonus pay to the employees and managers of the program functions that earned it; and (2) for an agencywide productivity improvement fund which would be used to fund projects that were justified on the basis of their potential for achieving productivity.

—Funding for the shared savings plan would come from the same appropriations account(s) as the functions achieving the productivity savings. Due to the fact that productivity data are not available until after a fiscal year is completed, funds from the fiscal year in which they are achieved must be deferred to the following fiscal year (BY + 1) to cover the payment (assuming single-year appropriations will continue).

—Productivity savings estimated by the agency for fiscal year 1988 would be set aside through the apportionment process. Outlays would be monitored by OMB budget staff at the end of the second and third quarters of fiscal year 1988 to ensure that projected pro-

ductivity savings are actually achieved. These funds will then be deferred at the end of fiscal year 1988 to fiscal year 1989 to be used for shared savings.

The language contained in section 617 would permit this program to go forward as planned by the President. The Committee recognizes, however, that productivity enhancements could have an adverse impact on the working conditions of employees, and that employees should be allowed to negotiate over the means by which the savings is to be achieved, that is, any productivity enhancements, and the manner in which the savings is distributed.

The Committee has been informed that the design and implementation of the shared savings programs increasing the deficiency of the operation of these activities, as well as the distribution of any savings realized from these programs are conditions of employment, as defined under title 5, U.S.C. section 7103(a)(14).

The Committee directs agencies to negotiate with exclusive representatives of Federal employees on the design and implementation of the programs and the distribution of savings before any shared savings program can be implemented in an exclusive bargaining unit. The House has proposed language in sections 530 and 531 of its bill that would allow this program to go forward. However, the language contained in section 617 of this bill has been requested specifically by the administration.

SECTION 618: AMENDMENT REGARDING CERTAIN MOTOR VEHICLE MANAGEMENT PROVISIONS

The Committee has included language in section 618 of title VI of the bill that would exempt motor vehicle fleet management services pursuant to Federal motor vehicle expenditure control requirements in subtitle C of title XV of the Consolidated Omnibus Reconciliation Act of 1985 (Public Law 99–272) from certain provisions of the Service Contract Act of 1965, as amended (41 U.S.C. 351 et seq.).

After nearly 2 years of study and review by GSA, the General Accounting Office, and the private sector, the Committee has learned that a major impediment to implementation of the Federal motor vehicle expenditure control provisions of the Reconciliation Act of 1985, is the Service Contract Act. These provisions were designed to force the GSA and all other Federal agencies to aggressively pursue private sector alternatives to the current Federal system of operating and maintaining Federal motor vehicle fleets. Savings of $150,000,000 over 3 years were mandated by the act. In order to achieve both the savings and management efficiencies intended by the act, the Committee believes that a narrow exemption from the Service Contract Act is required.

SECTION 619: FEDERAL SUPPLY SERVICE: GSA

The Committee has included language in section 619 of the bill to implement the industrial provision discussed in detail earlier in this report under GSA: Federal Supply Service, operating expenses.

SECTION 620: MERIT SYSTEMS PROTECTION BOARD REAPPOINTMENT

The Merit Systems Protection Board is an independent, quasi-judicial agency charged by Congress with protecting the integrity of the Federal personnel system. It is headed by a three member panel, each member appointed by the President and confirmed by the Senate for staggered terms.

In 1981, the Comptroller General issued an opinion which held that a Board member appointed to a partial term of office could not hold over in office at the expiration of his term, whereas a Board member appointed to a full 7-year term could continue to serve for up to 1 year. Due to the current ambiguity as to the holdover authority for members serving a partial term there is substantial likelihood that the Board may be forced to operate with only two of its three statutory officers for a considerable period of time.

To insure the efficient and effective operation of the Board with its full complement of Board members and to enable a smooth and consistent transition in office as administration's change, the language applicable to the holdover authority of partial term serving members should be conformed to that applicable to those serving a full 7-year term.

Substantial challenges lie ahead in the area of Government personnel practice. Agencies are beginning to implement the President's plan for a drug free work force by utilizing urinalysis testing. The limits and requirements of accommodation of handicapped employees are being refined. The possibility of increased procedural protections for whistleblowers, and the changing role of the Office of Special Counsel is under intense study. The upcoming national elections no doubt will again focus attention on the constraints of the Hatch Act. Each of these matters and many more involve complex legal issues with wide impact throughout Government and can be most effectively dealt with by a Board at full strength.

SECTION 621: COMPETITION OF FEDERAL ELECTRIC UTILITY SERVICES

The Committee has concurred with the House in including this provision in the bill. However, because this provision applies to more than the agencies covered by this bill, the Committee has placed the identical provision under title VI rather than title V of the bill. The House has included this provision under section 509 of its version of the bill.

SECTION 622: REIMBURSEMENT FOR DETAILEES

The Committee has included language in section 622 of the bill which places certain conditions on the reimbursement of agencies for the expenses of employees detailed to other Federal agencies.

Specifically, the Committee has included language in the bill that would require full reimbursement to any agency that has detailed a Federal employee to another agency for more than 60 days beginning in fiscal year 1989.

A detail is the temporary assignment of an employee away from his or her regular duties for a specified period. Under principles of appropriations law, Federal employees may not be detailed away from their agencies to any other agency on a nonreimbursable basis, except in the limited circumstances when the details will aid the lending agencies in accomplishing a purpose for which they receive appropriations. There is, however, a statutory exception to this rule for employee details to the White House. Under this exception, which was provided by Public Law 95–570, dated November 2, 1978, employees can be detailed to five specified offices of the White House on a nonreimbursable basis for up to 180 calendar days in a fiscal year. Those offices are the White House Office; the Executive Residence at the White House; the Office of the Vice President; the Office of Policy Development; and the Office of Administration. The lending agencies must be reimbursed for such details extending beyond 180 calendar days during the fiscal year when the detailees are performing White House functions. The law also requires the President to report annually to Congress regarding the number of employees detailed to the White House over 30 days and the reimbursements made to agencies for employees detailed more than 180 days each fiscal year.

A GAO report dated July 1987 (GAO/GGD–87–102BR) indicated that the number of detailees was seriously underreported and that agency reimbursements for detailees were not correctly reported. The report also indicated that departments were not billing the White House for employees detailed over 180 days.

It is not the intent of the Committee to single out the White House or other offices within the Executive Office of the President by proposing the language contained in section 622 of the bill. To the contrary, the language contained in section 622 is designed to force all agencies of the Government that use detailees to fully reimburse the lending agency for the expenses of that detailee if he or she is on assignment for 60 days or longer. The Committee believes that this practice will force agencies to reassess their staffing requirements and to weigh the costs and benefits of utilizing detailees, rather than the agency's current full-time work force. The Committee also believes that this uniform call for reimbursement of detailees, notwithstanding current exemptions, will help to eliminate abuses that have occurred in the Federal Government.

In recognition of the fact that agency budgets for fiscal year 1988 were prepared on the basis of current requirements for the reimbursement of detailees, the Committee has recommended that this change take effect in fiscal year 1989. This will give adequate notice to all Federal agencies that they will be faced with this new reimbursement requirement next fiscal year and that any additional costs imposed on them for detailees should be incorporated into their fiscal year 1989 budgets. The Committee further expects all agencies to include a detailed analysis of their estimated budget for detailees, in their fiscal year 1989 budget justifications to the House and Senate Committees on Appropriations.

The language contained in section 622 also incorporates certain strict requirements for the reporting of detailee use by Federal agencies for fiscal year 1988.

SECTION 623: REQUIREMENTS FOR FEDERAL LAW ENFORCEMENT SUPERVISORS

The Committee has included language in section 623 of the bill that would clarify a provision in the Federal Employees' Retirement System Act of 1986 (Public Law 99–335) with regard to the definition of law enforcement officers as it pertains to the new retirement law.

A significant defect in Public Law 99–335 evolves from the definition of law enforcement officer in new 5 U.S.C. 8401(17). Under the provisions of the legislation, law enforcement officers are entitled to early optional retirement benefits. This policy, a continuation of previous law, helps ensure an efficient and vigorous work force in an occupation that is physically arduous and demanding. 5 U.S.C. 8401(17) departs from this long held policy, however, in that it does not include those employees in so-called secondary coverage administrative or supervisory positions, unless the employee has served in a primary operational position for 10 years.

Under the Civil Service Retirement System, law enforcement officers qualified for early optional retirement after they reached age 50 and completed 20 years of service as a law enforcement officer in any combination of primary or secondary coverage positions. The Federal Employees' Retirement System Act of 1986 virtually encourages law enforcement officers to spend a minimum of 10 years in primary coverage positions before they are promoted or reassigned. Promotion to a supervisory position or assignment to an administrative post prior to the completion of 10 years in a primary coverage position will result in an officer not receiving credit toward early retirement for the period spent in these positions.

This 10-year requirement unduly restricts an agency's ability to manage its work force to accomplish its mission. An agency that promotes or reassigns an employee who does not have 10 years in a primary coverage position to a secondary coverage position must do so with the knowledge that the employee's service in the secondary position cannot be credited toward early optional retirement and that the employee could lose his right to early optional retirement unless he returns to a primary coverage position. Moreover, employees have little or no recourse in such a situation because the loss of entitlement to early optional retirement does not constitute a reduction in pay reviewable by either the Merit Systems Protection Board or any other tribunal. The employee's only recourse will be to not accept the promotion or reassignment.

By unduly restricting management, present law precludes an agency from selecting the most competent employees for promotion or reassignment to supervisory or administrative positions. It causes those employees with less than 10 years of primary coverage to lose their continued coverage toward a valuable and desirable benefit. Competent

employees will have little or no incentive to strive for advancement to more responsible supervisory and policymaking administrative positions unti they have served at least 10 years in primary coverage positions.

Not only will 5 U.S.C. 8401(17) undermine the ability to promote the most capable individuals to sensitive policy positions, but it will undermine recruitment efforts. The Federal Government competes for law enforcement personnel with State and local governments. Many of these entities have retirement plans equivalent or better than those available for service with the Federal Government. High caliber law enforcement officers, aware of the detriment that a promotion to a managerial position brings, will select more advantageous non-Federal employment.

The 10-year requirement will only serve to thwart an agency's efforts to manage its work force effectively. It will also have a substantially deleterious effect on an agency's ability to recruit and retain skilled law enforcement officers and will destroy existing career patterns by severely restricting an agency's ability to place competent, experienced law enforcement officers in key supervisory and policymaking administrative positions without affecting them adversely.

Therefore, the Committee has recommended language in the bill that would change the 10-year requirement under current law, to a 3-year requirement. The Committee believes that this amendment will substantially improve the ability of Federal law enforcement agencies to effectively recruit, retain, and promote qualified law enforcement officers from within the Federal system and from outside law enforcement agencies at the State and local level.

CONTRACTING OUT FEDERAL LIBRARIES

The Committee is concerned regarding the wholesale privatization of Federal nonrecreational libraries. Nonrecreational libraries are those that play a direct research, information development/data base management, and technical dissemination role for the Federal Government.

For example, the administration has announced its intent to privatize the National Technical Information Service [NTIS]. Information leaders and librarians of all specialities have raised several concerns regarding this proposal and its impact on: (1) access to the archive of NTIS reports, the Government's corporate memory for scientific and technical literature; (2) access to foreign reports placed in the NTIS system as a result of agreements between NTIS and foreign governments; and (3) maintenance of the NTIS services as an organized and efficient whole and at prices affordable for not-for-profit users. Many researchers, information specialists, and libraries view the ability to identify, locate, and acquire technical and scientific reports from one efficient source as extremely valuable.

Another area of concern is the turning over of the Governnment's scientific and technical information to private contractors which may be controlled by foreign interests or can be bought by foreign firms.

In the broadest sense, a Federal library represents the agency's data base. That data base must be effectively updated, cleared of extraneous

material, and effectively accessed to meet the agency's information needs. All of these activities must be undertaken with an intimate knowledge of the agency's mission, current development, and budgetary, regulatory, and administrative limitations. The use of such knowledge implies a corresponding exercise of discretion that bears upon policymaking activities that are the core of governmental functions. Given the dynamics of public policy development, the Committee believes that certain positions in nonrecreational library positions are presumptively governmental in nature.

Libraries have looked to outside sources for certain work for years. This work includes clerical tasks, such as cardex and cataloging, mail work in the stacks, and equipment maintenance. Due to the different occupational categories which occur in Federal libraries, listing some exempt jobs would not be appropriate.

Therefore, the Committee fully expects the head of each Federal agency to notify the applicable appropriations subcommittee and other appropriate authorizing committees, using the proper reprogramming procedures, before initiating the contracting out of any Federal library.

RESPONSES TO REQUESTS FOR ALLOCATIONS OF SPACE, SERVICES, OR PERSONNEL TO BE USED IN COMBATTING ACQUIRED IMMUNODEFICIENCY SYNDROME [AIDS]

The Committee notes that comprehensive legislation addressing the Federal effort to combat acquired immunodeficiency syndrome or AIDS, has been unanimously reported to the Senate by the Committee on Labor and Human Resources.

Under this legislation, the Centers for Disease Control [CDC]; and the National Institute of Allergy and Infectious Diseases [NIAID] have been given major responsibilities for coordinating the Nation's public health and research efforts to curtail and overcome this epidemic. The Committee notes that this legislation and all administrative efforts by the Federal Government to prepare for the war against AIDS will require close cooperation among all Federal agencies involved in the effort, including the General Services Administration [GSA] and the Office of Personnel Management [OPM].

The Committee directs GSA and OPM to respond expeditiously to priority requests from the Director of the CDC or the Director of the NIAID, and to respond to requests for funds, space, services, or personnel, which have been designated priority requests, within 21 days. The Committee directs these two important agencies to prepare guidelines in anticipation of enactment of comprehensive anti-AIDS legislation, that will address how to respond to such requests from these CDC, NIAID, or any other agency involved in the anti-AIDS campaign, and to coordinate the formulation of such guidelines with the appropriate agencies outlined in this section of the Committee report.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE STANDING RULES OF THE SENATE

Paragraph 7 of rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill "which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

In title I, the Committee recommends the following appropriations which lack authorization:

$77,165,000 for Treasury, departmental offices, salaries and expenses;

$30,000,000 for the Federal Law Enforcement Training Center, salaries and expenses:

$196,667,000 for the Financial Management Service, salaries and expenses;

$225,000,000 for the Bureau of Alcohol, Tobacco, and Firearms, salaries and expenses;

$31,980,000 in excess of the Senate-passed authorization level for Customs, operation and maintenance, Air Interdiction Program;

$44,000,000 for the U.S. Mint, salaries and expenses;

$217,000,000 for the Bureau of the Public Debt, administering the public debt;

$86,382,000 for the Internal Revenue Service, salaries and expenses;

$1,680,020,000 for the Internal Revenue Service, processing tax returns;

$1,810,000,000 for the Internal Revenue Service, examinations and appeals;

$1,412,528,000 for the Internal Revenue Service, investigation, collection, and taxpayer service;

$373,000,000 for the U.S. Secret Service, salaries and expenses.

In title III, the Committee recommends the following appropriations which lack authorization:

$500,000 in excess of the authorized level for the White House Conference for a Drug Free America.

In title IV, the Committee recommends the following appropriations which lack authorization:

$1,865,000 for the Administrative Conference of the United States, salaries and expenses;

$83,483,000 deposit into the General Services Administration, Federal Buildings Fund;

General Services Administration: New construction projects:

Arizona, $1,500,000;

Louisiana,$3,000,000.

General Services Administration: New capital improvements:

Arizona, $3,292;

California, $21,255,000;

New Mexico, $5,100,000;
Texas, $36,486,000;
Other approved, $17,350,000;
National Defense Stockpile Transaction Fund: Earmarked appropriations, $13,000,000.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

In compliance with this rule, the following changes in existing law proposed to be made by the bill are shown as follows: existing law to be omitted is enclosed in black brackets; new matter is printed in italic; and existing law in which no change is proposed is shown in roman.

In section 618 of the bill, the Committee recommends language to amend section 356 of title 41 United States Code as follows:

§ 356. Exemptions

This chapter shall not apply to—

(1) any contract of the United States or District of Columbia for construction, alteration and/or repair, including painting and decorating of public buildings or public works;

(2) any work required to be done in accordance with the provisions of the Walsh-Healey Public Contracts Act [41 U.S.C.A. § 35 et seq.];

(3) any contract for the carriage of freight or personnel by vessel, airplane, bus, truck, express, railway line or oil or gas pipeline where published tariff rates are in effect;

(4) any contract for the furnishing of services by radio, telephone, telegraph, or cable companies, subject to the Communications Act of 1934 [47 U.S.C.A. § 151 et seq.];

(5) any contract for public utility services, including electric light and power, water, steam, and gas;

(6) any employment contract providing for direct services to a Federal agency by an individual or individuals; [and]

(7) any contract with the Post Office Department, the principal purpose of which is the operation of postal contract stations **[.]***; and*

(8) any contract for motor vehicle fleet management services pursuant to Federal Motor Vehicle Expenditure Control requirements contained in subtitle C of title XV of the Consolidated Omnibus Reconciliation Act of 1985, Public Law 99–272.

In section 619 of the bill, the Committee recommends language to amend section 756 of title 40 United States Code as follows:

§ 756. General Supply Fund

(a) Creation and composition of Fund; availability; overhead costs

There is authorized to be set aside in the Treasury a special fund which shall be known as the General Supply Fund. Such fund shall be composed of the assets of the general supply fund (including any surplus therein) created by section 3 of the Act of February 27, 1929 (45 Stat. 1342; 41 U.S.C. 7c), and transferred to the Administration by section 752 of this title, and such sums as may be appropriated thereto and the value, as determined by the Administrator, of inventories of personal property from time to time transferred to the Administrator by other executive agencies under authority of section 481(a)(2) of this title to the extent that payment is not made or credit allowed therefor, and the fund shall assume all of the liabilities, obligations, and commitments of the general supply fund created by such Act of February 27, 1929. [The General Supply Fund shall be available for use by or under the direction and control of the Administrator (1) for procuring personal property (including the purchase from or through the Public Printer, for warehouse issue, of standard forms, blankbook work, standard specifications, and other printed material in common use by Federal agencies not available through the Superintendent of Documents) and nonpersonal services for the use of Federal agencies in the proper discharge of their responsibilities, and (2) for paying the purchase price, transportation of personal property and services, and the cost of personal services employed directly in the repair, rehabilitation, and conversion of personal property.] *The General Supply Fund shall be available for use by or under the direction and control of the Administrator for paying the direct and indirect costs of carrying out the functions of the Administrator with respect to (1) the operation of a system for supplying personal property (including the purchase from or through the Public Printer, for warehouse issue, of standard forms, blankbook work, standard specifications, and other printed material in common use by Federal agencies not available through the Superintendent of Documents) and nonpersonal services for the use of Federal agencies in the proper discharge of their responsibilities, including carrying out the functions of the Administrator with*

respect to the repair, rehabilitation, and conversion of personal property; (2) the utilization of excess personal property and the donation, sale or other disposal of surplus personal property pursuant to this Act; (3) the sale for executive agencies of personal property pursuant to section 201(c) of this Act, or any other Act; (4) the utilization and disposal of abandoned, seized, and forfeited personal property pursuant to this Act, or any other Act; and (5) travel and transportation management and services pursuant to this Act, or any other Act.

(b) Payments by requisitioning agencies; fixing of prices; advance of funds

Payment by requisitioning agencies shall be at prices fixed by the Administrator. [Such prices shall be fixed at levels so as to recover so far as practicable the applicable purchase price, the transportation cost, inventory losses, the cost of personal services employed directly in the repair, rehabilitation, and conversion of personal property, and the cost of amortization and repair of equipment utilized for lease or rent to executive agencies.] *Such prices shall be fixed at levels so as to recover all direct and indirect costs of furnishing supplies and services.* Requisitioning agencies shall pay by advance of funds in all cases where it is determined by the Administrator that there is insufficient capital otherwise available in the General Supply Fund. Advances of funds also may be made by agreement between the requisitioning agencies and the Administrator. Where an advance of funds is not made, the General Services Administration shall be reimbursed promptly out of funds of the requisitioning agency in accordance with accounting procedures approved by the Comptroller General: *Provided,* That in any case where payment shall not have been made by the requisitioning agency within forty-five days after the date of billing by the Administrator or the date on which an actual liability for personal property or services is incurred by the Administrator, whichever is the later, reimbursement may be obtained by the Administrator by the issuance of transfer and counterwarrants, or other lawful transfer documents, supported by itemized invoices. *With respect to any transaction under subsections (a) (3), (4), and (5), except where the proceeds from the transaction are to be credited to the General Supply Fund, the Administrator, at his discretion, may establish, and agencies shall pay, a charge fixed at levels so as to recover all direct and indirect costs of carrying out such functions. The Administrator, considering the proceeds of sale from surplus personal property which are credited to the fund, may reduce any charge pursuant to subsections (a) (3) and (4) by such amount as he deems appropriate. The indirect costs included in the prices and charges fixed by the Administrator pursuant to this section shall not exceed the limitations if any, specified in annual appropriations Acts.*

(c) Credits to Fund

The General Supply Fund shall be credited with *(1)* all reimbursements, advances of funds, and refunds or recoveries relating to personal property or services procured through the fund, including the net proceeds of disposal of surplus personal property procured through the fund and receipts from carriers and others for loss of, or damage to, personal property procured through the fund; *(2) the proceeds from sales of surplus personal property made by the Administrator pursuant to section 203 of this Act, except proceeds from sales which are subject to sections 204 (b), (c), or (e) of this Act, or which otherwise are required to be paid to the agency or organization which reported the property for disposal; and (3) any charges paid under this section, and expenses or charges paid under section 204(c) of this Act, or any other Act;* and the same are reappropriated for the purposes of the fund.

In section 619 of the bill, the Committee recommends language to amend section 485 of title 40 United States Code as follows:

§ 485. Proceeds from transfer, sale, etc., of property

(a) Disposition of receipts

All proceeds under this subchapter from any transfer of excess property to a Federal agency for its use, or from any sale, lease, or other disposition of surplus property, shall be covered into the Treasury as miscellaneous receipts, except as provided in subsections (b), (c), (d), [and (e)] *(e), and (h)* of this section.

(b) Deposit of proceeds from sales; use; report

All the proceeds of such dispositions of surplus real and related personal property made by the Administrator of General Services shall be set aside in a separate fund in the Treasury. Not more than an amount to be determined quarterly by the Director of the Office of Management and Budget may be obligated from such fund by the Administrator to pay the direct expenses incurred for the utilization of excess property and the disposal of surplus property under this Act for fees or appraisers, auctioneers, and realty brokers, and for advertising and surveying. Such payments from this fund may be used either to pay such expenses directly or to reimburse the fund or appropriation initially bearing such expenses. Fees paid to appraisers, auctioneers, and brokers shall be in accordance with the scale of fees customarily paid for such services in similar commercial transactions, and in no event shall more than 12 per centum of the proceeds of all dispositions within each fiscal year of surplus real and related personal property be paid out of such proceeds under this authorization to meet direct expenses incurred in connection with such dispositions. Periodically, but not less often than once each year, any excess funds beyond current operating needs shall be transferred

from the fund to miscellaneous receipts: *Provided,* That a report of receipts, disbursements, and transfers to miscellaneous receipts under this authorization shall be made annually in connection with the budget estimates to the Director of Office of Management and Budget and to the Congress.

(c) Credit to reimbursable fund or appropriation on certain transactions

Where the property transferred or disposed of was acquired by the use of funds either not appropriated from the general fund of the Treasury or appropriated therefrom but by law reimbursable from assessment, tax, or other revenue or receipts, then the net proceeds of the disposaition or transfer shall be credited to the reimbursable fund or appropriation or paid to the Federal agency which determined such property to be excess: *Provided,* That the proceeds shall be credited to miscellaneous receipts in any case when the agency which determined the property to be excess shall deem it uneconomical or impractical to ascertain the amount of net proceeds. As used in this subsection, the term "net proceeds of the disposition or transfer" means the proceeds of the disposition or transfer minus all expenses incurred for care and handling and disposition or transfer[.], *including any charges imposed by the Administrator pursuant to section 109 of this Act.*

(d) Special account deposits

Any Federal agency disposing of surplus property under this subchapter (1) may deposit, in a special account with the Treasurer of the United States, such amount of the proceeds of such dispositions as it deems necessary to permit appropriate refunds to purchasers when any disposition is rescinded or does not become final, or payments for breach of any warranty, and (2) may withdraw therefrom amounts so to be refunded or paid, without regard to the origin of the funds withdrawn.

(e) Sale proceeds offset against price or cost of contractor's work

Where any contract entered into by an executive agency or any subcontract under such contract authorizes the proceeds of any sale of property in the custody of the contractor or subcontractor to be credited to the price or cost of the work covered by such contract or subcontract, the proceeds of any such sale shall be credited in accordance with the contract or subcontract.

(f) Acceptance of property in lieu of cash

Any executive agency entitled to receive cash under any contract covering the lease, sale or other disposition of surplus property may in its discretion accept, in lieu of cash, any property determined by the President to be strategic or critical

material at the prevailing market price thereof at the time the cash payment or payments became or become due.

(g) Management of credit, leases, and permits on property

Where credit has been extended in connection with any disposition of surplus property under this subchapter or by War Assets Administration (or its predecessor agencies) under the Surplus Property Act of 1944, or where such disposition has been by lease or permit, the Administrator shall administer and manage such credit, lease, or permit, and any security therefor, and may enforce, adjust, and settle any right of the Government with respect thereto in such manner and upon such terms as he deems in the best interest of the Government.

(h) Proceeds from sales by the Administrator of surplus personal property, except proceeds from sales subject to subsections (b), (c), or (e) of this section, or which otherwise are required to be paid to the agency or organization which reported the property for disposal, shall be credited to the General Supply Fund in accordance with section 109(c) of this Act.

In section 619 of the bill, the Committee recommends language to amend section 3726 of title 31 United States Code as follows:

§ 3726. Payment for transportation

(a) A carrier or freight forwarder presenting a bill for transporting an individual or property for the United States Government may be paid before the Administrator of General Services conducts an audit, in accordance with regulations that the Administrator shall prescribe. A claim under this section shall be allowed only if it is received by the Administrator not later than 3 years (excluding time of war) after the later of the following dates:

(1) accrual of the claim;

(2) payment for the transportation is made;

(3) refund for an overpayment for the transportation is made; or

(4) a deduction under subsection (b) of this section is made.

(b) Not later than 3 years (excluding time of war) after the time a bill is paid, the Government may deduct from an amount subsequently due a carrier or freight forwarder an amount paid on the bill that was greater than the rate allowed under—

(1) a lawful tariff on file with the Interstate Commerce Commission, the Secretary of Transportation with respect to foreign air transportation (as defined in the Federal Aviation Act of 1958), the Federal Maritime Commission, or a State transportation authority; or

(2) sections 10721–10724 of title 49 or an equivalent arrangement or an exemption.

[(c) Expenses of transportation audit contracts and contract administration shall be financed from overpayments collected from carriers on transportation bills paid by the Government and other similar type refunds at not to exceed 40 percent of such collections annually. Payment to any contractor shall not exceed 50 percent of the overpayments identified by any contract audit.]

(c) Expenses of postpayment transportation audit activities, including contracts, contract administration, and other direct and indirect costs, shall be financed from overpayments collected from carriers on transportation bills paid by the Government and other similar type of refunds. Payment to any contractor shall not exceed 50 percent of the overpayment identified by any contractor audit.

(d) The General Supply Fund provided for in section 109 of the Federal Property and Administrative Services Act, as amended (40 U.S.C. 756), shall be available for use by or under the direction and control of the Administrator for paying all elements of cost of the expense of prepayment transportation audit of transportation billings, including reclaims, by the General Services Administration, or its agents under conditions the Administrator will prescribe. Payment by agencies for which prepayment audits are performed by the General Services Administration shall be at prices fixed by the Administrator at levels which will recover so far as practicable all such elements of cost. The provisions of this subsection shall not inhibit the delegation of prepayment audit authority to another agency nor shall this subsection be applicable when prepayment audit authority has been delegated to another agency or agencies as provided in subsection (f) of this section.

[(d)] *(e)* At least annually, and as determined by the Administrator, after making adequate provision for expenses of refunds to carriers, transportation audit contracts, and contract administration authorized in subsection (c), the balance of the overpayments collected by the General Services Administration shall be transferred to miscellaneous receipt of the Treasury. A report of receipts, disbursements, and transfers (to miscellaneous receipts) pursuant to this section shall be made annually in connection with the budget estimates to the Director of the Office of Management and Budget and to the Congress.

[(e)] *(f)* The Administrator may delegate any authority conferred by this section to another agency or agencies if the Administrator determines that such a delegation would be cost-effective or otherwise in the public interest.

[(f)] *(g)* Under regulations the head of an agency prescribes that conform with standards the Secretary of the Treasury and

the Comptroller General prescribe jointly, a bill under this section may be paid before the transportation is completed notwithstanding section 3324 of this title when a carrier or freight forwarder issues the usual document for the transportation. Payment for transportation ordered but not provided may be recovered by deduction or other means.

[(g)] *(h)* (1) A carrier or freight forwarder may request the Comptroller General to review the action of the Administrator if the request is received not later than 6 months (excluding time of war) after the Administrator acts or within the time stated in subsection (a) of this section, whichever is later.

(2) This section does not prevent the Comptroller General from conducting an audit under chapter 35 of this title.

In section 620 of the bill, the Committee recommends language to amend section 1202(b) of title 5 United States Code as follows:

§ 1202. Term of office, filling vacancies; removal

(a) The term of office of each member of the Merit Systems Protection Board is 7 years.

(b) A member appointed to fill a vacancy occurring before the end of a term of office of his predecessor serves for the remainder of that term. Any appointment to fill a vacancy is subject to the requirements of section 1201 of this title. *Any new member serving only a portion of a seven-year term in office may continue to serve until a successor is appointed and has qualified, except that such member may not continue to serve for more than one year after the date on which the term of the member would otherwise expire, unless reappointed.*

In section 623 of the bill, the Committee recommends language to amend section 8401(17)(B) of title 5 United States Code as follows:

(17) the term 'law enforcement officer' means—

"(A) An employee, the duties of whose position—

"(i) are primarily—

"(I) the investigation, apprehension, or detention of individuals suspected or convicted of offenses against the criminal laws of the United States, or

"(II) the protection of officials of the United States against threats to personal safety; and

"(ii) are sufficiently rigorous that employment opportunities are required to be limited to young and physically vigorous individuals, as determined by the Director considering the recommendations of the employing agency;

"(B) an employee who is transferred directly to a supervisory or administrative position after performing duties described in subparagraph (A) for at least [10 years] *3 years*; and

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1988: Subcommittee on Treasury Postal Service	15.38	15,067	15.15	[1] [2] 15,161
Projections of outlays associated with budget authority recommended in the bill:				
1988				[3] 13,384
1989				1,223
1990				99
1991				4
1992 and future year				
Financial assistance to State and local governments for 1988 in the bill				
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1988				

[1] Includes outlays from prior-year budget authority.
[2] Excludes (-$17,000,000) adjustment in mandatory estimates. Net total outlays for scorekeeping purposes: $15,144,000,000.
[3] Excludes outlays from prior-year budget authority.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988

[Amounts in dollars]

Item	1987 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1987 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I - DEPARTMENT OF THE TREASURY							
Office of the Secretary:							
Salaries and expenses	58,505,000	81,041,000	56,650,000	77,165,000	+18,660,000	-3,876,000	+20,515,000
International affairs	22,442,000	---	24,391,000	---	-22,442,000	---	-24,391,000
Federal Law Enforcement Training Center	29,666,000	23,133,000	26,133,000	30,000,000	+334,000	+6,867,000	+3,867,000
Financial Management Service:							
Salaries and expenses	243,181,000	270,004,000	270,004,000	196,667,000	-46,514,000	-73,337,000	-73,337,000
Bureau of Alcohol, Tobacco, and Firearms	198,463,000	197,226,000	218,226,000	225,000,000	+26,537,000	+27,774,000	+6,774,000
United States Customs Service:							
Salaries and expenses	840,186,000	803,090,000	963,090,000	986,809,000	+146,623,000	+183,719,000	+23,719,000
Operations and maintenance, air interdiction program	170,950,000	86,210,000	86,210,000	150,000,000	-20,950,000	+63,790,000	+63,790,000
Customs forfeiture fund (limitation on availability of deposits)	18,000,000	10,000,000	10,000,000	10,000,000	-8,000,000	---	---
Customs services at small airports (to be derived from fees collected)	365,000	486,000	486,000	486,000	+121,000	---	---
Total, United States Customs Service	1,029,501,000	899,786,000	1,059,786,000	1,147,295,000	+117,794,000	+247,509,000	+87,509,000
Payment to the Government of Puerto Rico	7,800,000	---	---	12,000,000	+4,200,000	+12,000,000	+12,000,000
United States Mint:							
Salaries and expenses	42,930,000	46,511,000	---	44,000,000	+1,070,000	-2,511,000	+44,000,000
Expansions and improvements	694,000	---	---	---	-694,000	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item	1987 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1987 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bureau of the Public Debt	199,622,000	241,426,000	241,426,000	217,000,000	+17,378,000	-24,426,000	-24,426,000
Payment of Government losses in shipment	---	---	---	400,000	+400,000	+400,000	+400,000
Internal Revenue Service:							
Salaries and expenses	95,147,000	87,165,000	87,165,000	86,382,000	-8,765,000	-783,000	-783,000
Processing tax returns	1,469,956,000	1,702,576,000	1,702,576,000	1,680,020,000	+210,064,000	-22,556,000	-22,556,000
Examinations and appeals	1,654,597,000	1,856,581,000	1,856,581,000	1,810,000,000	+155,403,000	-46,581,000	-46,581,000
Investigation, collection, and taxpayer service	1,224,982,000	1,425,528,000	1,483,528,000	1,412,657,000	+187,675,000	-12,871,000	-70,871,000
Total, Internal Revenue Service	4,444,682,000	5,071,850,000	5,129,850,000	4,989,059,000	+544,377,000	-82,791,000	-140,791,000
United States Secret Service	334,109,000	363,999,000	369,999,000	373,000,000	+38,891,000	+9,001,000	+3,001,000
Total, title I, Department of the Treasury: New budget (obligational) authority	6,611,595,000	7,194,976,000	7,396,465,000	7,311,586,000	+699,991,000	+116,610,000	-84,879,000
TITLE II - POSTAL SERVICE							
Payment to the Postal Service Fund	650,000,000	71,795,000	556,507,000	517,000,000	-133,000,000	+445,205,000	-39,507,000
TITLE III - EXECUTIVE OFFICE OF THE PRESIDENT							
Compensation of the President	250,000	250,000	250,000	250,000	---	---	---

Office of Administration	15,914,000	16,309,000	16,309,000	16,000,000	+86,000	-309,000	-309,000
White House Conference on Drug Abuse and Prevention	5,000,000	---	---	2,500,000	-2,500,000	+2,500,000	+2,500,000
The White House Office	24,824,000	26,926,000	26,926,000	26,426,000	+1,602,000	-500,000	-500,000
Executive Residence at the White House	4,753,000	7,403,000	7,403,000	7,403,000	+2,650,000	---	---
Official Residence of the Vice President	211,000	258,000	258,000	258,000	+47,000	---	---
Special Assistance to the President	1,897,000	2,183,000	2,183,000	2,163,000	+266,000	-20,000	-20,000
Council of Economic Advisers	2,370,000	2,580,000	2,580,000	2,500,000	+130,000	-80,000	-80,000
Office of Policy Development	2,689,000	3,058,000	3,058,000	3,000,000	+311,000	-58,000	-58,000
National Critical Materials Council	175,000	178,000	350,000	500,000	+325,000	+322,000	+150,000
National Security Council	4,612,000	5,203,000	5,203,000	5,000,000	+388,000	-203,000	-203,000
Office of Management and Budget	37,413,000	39,913,000	39,913,000	38,000,000	+587,000	-1,913,000	-1,913,000
Office of Federal Procurement Policy	1,620,000	2,466,000	2,466,000	2,300,000	+680,000	-166,000	-166,000
Unanticipated needs	1,000,000	1,000,000	1,000,000	1,000,000	---	---	---
Total, title III, new budget (obligational) authority, Executive Office of the President	102,728,000	107,727,000	107,899,000	107,300,000	+4,572,000	-427,000	-599,000
TITLE IV - INDEPENDENT AGENCIES							
Administrative Conference of the United States	1,483,000	1,681,000	1,881,000	1,865,000	+382,000	+184,000	-16,000
Advisory Commission on Intergovernmental Relations	1,750,000	1,390,000	1,390,000	1,378,000	-372,000	-12,000	-12,000
Advisory Committee on Federal Pay	203,000	206,000	---	200,000	-3,000	-6,000	+200,000
Committee for Purchase from the Blind and Other Severely Handicapped	778,000	825,000	825,000	875,000	+97,000	+50,000	+50,000
Federal Election Commission	12,883,000	14,174,000	14,174,000	14,174,000	+1,291,000	---	---
General Services Administration:							
Federal Buildings Fund:							
Limitation on availability of revenue:							
1. Construction & acquisition of facilities	(125,548,000)	(155,650,000)	(151,850,000)	(177,536,000)	(+51,988,000)	(+21,886,000)	(+25,686,000)
2. Repairs and alterations	(270,222,000)	(443,945,000)	(426,983,000)	(443,945,000)	(+173,723,000)	---	(+16,962,000)
3. Payment on purchase contracts	(131,442,000)	(133,105,000)	(133,105,000)	(133,105,000)	(+1,663,000)	---	---
4. Rental of space	(1,046,900,000)	(1,193,400,000)	(1,193,400,000)	(1,169,532,000)	(+122,632,000)	(-23,868,000)	(-23,868,000)
5. Real property operations	(758,284,000)	(845,384,000)	(845,384,000)	(845,384,000)	(+87,100,000)	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item	1987 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1987 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
6. Program direction & centralized services.	(57,315,000)	(48,014,000)	(48,014,000)	(48,014,000)	(-9,301,000)	---	---
7. Design and construction services	(63,807,000)	(115,036,000)	(115,036,000)	(115,036,000)	(+51,229,000)	---	---
Total, Federal Buildings Fund: (Limitations)	(2,453,518,000)	(2,934,534,000)	(2,913,772,000)	(2,932,552,000)	(+479,034,000)	(-1,982,000)	(+18,780,000)
Appropriation to Federal Buildings Fund	---	---	---	83,483,000	+83,483,000	+83,483,000	+83,483,000
Federal Supply Service:							
Operating expenses	162,555,000	176,749,000	176,749,000	---	-162,555,000	-176,749,000	-176,749,000
Limitation increase	5,300,000	---	---	---	-5,300,000	---	---
Recoveries of transportation charges	-11,300,000	---	---	---	+11,300,000	---	---
Total, Federal Supply Service	156,555,000	176,749,000	176,749,000	---	-156,555,000	-176,749,000	-176,749,000
Federal property resources service	39,398,000	12,248,000	43,248,000	12,134,000	-27,264,000	-114,000	-31,114,000
Real property relocation	---	47,000,000	47,000,000	15,000,000	+15,000,000	-32,000,000	-32,000,000
National defense stockpile transaction fund	10,000,000	---	10,000,000	13,000,000	+3,000,000	+13,000,000	+3,000,000
(Limitation on administrative expenses)	---	(36,080,000)	(5,000,000)	(36,080,000)	(+36,080,000)	---	(+31,080,000)
General management and administration	121,503,000	124,159,000	124,159,000	122,500,000	+997,000	-1,659,000	-1,659,000
Information Resources Management Service	29,328,000	32,588,000	32,588,000	30,000,000	+672,000	-2,588,000	-2,588,000
Office of the Inspector General	21,481,000	24,649,000	24,649,000	24,334,000	+2,853,000	-315,000	-315,000
Allowances and Office Staff for Former Presidents	1,176,000	1,328,000	1,128,000	1,198,000	+21,200	-130,000	+70,000

Total, General Activities	222,886,800	241,972,000	282,772,000	218,166,000	-4,720,800	-23,806,000	-64,606,000
Total, General Services Administration	379,441,800	418,721,000	459,521,000	301,649,000	-77,792,800	-117,072,000	-157,872,000
National Archives and Records Administration	101,659,000	110,266,000	116,265,000	117,000,000	+15,341,000	+6,734,000	+734,000
Office of Personnel Management:							
Salaries and expenses:							
Appropriation	100,129,000	102,360,000	102,360,000	102,000,000	+1,871,000	-360,000	-360,000
Limitation	(60,900,000)	(65,746,000)	(65,746,000)	(68,746,000)	(+7,846,000)	(+3,000,000)	(+3,000,000)
Government payment for annuitants, employees health benefits	1,459,000,000	1,788,931,000	1,788,931,000	1,788,931,000	+329,931,000	---	---
Payment to civil service retirement and disability fund	4,557,000,000	4,720,913,000	4,720,913,000	4,720,913,000	+163,913,000	---	---
Federal Retirement Thrift Investment Board	5,250,000	---	---	---	-5,250,000	---	---
Total, Office of Personnel Management	6,121,379,000	6,612,204,000	6,612,204,000	6,611,844,000	+490,465,000	-360,000	-360,000
Merit Systems Protection Board:							
Salaries and expenses	19,412,000	21,114,000	21,114,000	21,000,000	+1,588,000	-114,000	-114,000
Limitation	(1,200,000)	(1,600,000)	(1,600,000)	(1,200,000)	---	(-400,000)	(-400,000)
Office of special counsel	4,475,000	4,701,000	4,701,000	4,701,000	+226,000	---	---
Total, Merit Systems Protection Board	23,887,000	25,815,000	25,815,000	25,701,000	+1,814,000	-114,000	-114,000
Federal Labor Relations Authority	16,550,000	17,951,000	17,951,000	17,801,000	+1,251,000	-150,000	-150,000
Total, federal personnel activities	6,161,816,000	6,655,970,000	6,655,970,000	6,655,346,000	+493,530,000	-624,000	-624,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item	1987 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1987 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States Tax Court	25,613,000	28,120,000	28,120,000	27,877,000	+2,264,000	-243,000	-243,000
Total, title IV, Independent Agencies:							
New budget (obligational) authority	6,685,626,800	7,231,353,000	7,278,147,000	7,120,364,000	+434,737,200	-110,989,000	-157,783,000
(Limitations)	(2,515,618,000)	(3,037,960,000)	(2,986,118,000)	(3,038,578,000)	(+522,960,000)	(+618,000)	(+52,460,000)
Grand total, titles I, II, III and IV:							
New budget (obligational) authority	14,049,949,800	14,605,851,000	15,339,018,000	15,056,250,000	+1,006,300,200	+450,399,000	-282,768,000
(Limitations)	(2,515,618,000)	(3,037,960,000)	(2,986,118,000)	(3,038,578,000)	(+522,960,000)	(+618,000)	(+52,460,000)